

Moscow's Call for Help Puts Washington in a Bind

By Thomas L. Friedman

WASHINGTON — The steadily increasing Soviet demands for economic aid from the United States are beginning to pose a serious quandary for the Bush administration. Administration officials say they are reluctant to rebuff President Mikhail S. Gorbachev; they insist that they want to find a way to help him, and they recognize that a transformation of the Soviet economy to a free market probably cannot be accomplished without some Western financial aid. But they are concerned about what they describe as the increasingly unrealistic level and nature of Soviet demands.

The only economic assistance that the administration seems inclined to provide immediately consists of technical advice and guarantees of \$1.5 billion in commercial bank loans for the purchase of American grain. The guarantee depends upon the Bush administration's extending in June a six-month-old waiver of a law that links trade with the Soviet Union to liberalization of its emigration policies. The administration is also considering submission for congressional approval of a trade treaty signed with the Soviet

Union that would allow the Soviets to get normal tariff treatment, known as most-favored-nation status. "The Soviets are setting themselves up for a serious disappointment," one administration policymaker said, "because of their own exaggerated sense of how much the West is required to save them, before they themselves are ready to demonstrate a real change in behavior. They have to check into a rehabilitation clinic before we'll think about paying the room and board."

Mr. Primakov met with Mr. Bush on Friday at the White House. Administration officials said they had come away from a meeting feeling that Mr. Yavlinsky's connection to Mr. Gorbachev was still unclear, while Mr. Primakov's economic proposals were vague and tended to be in line with previous official attitudes that no serious changes in the Soviet economy were possible without a prior commitment of Western help.

U.S. Is Stockpiling Matériel in Israel

Cheney Denies Agreement Violates Bush's Call for Regional Arms Limits

By Joel Brinkley

JERUSALEM — Secretary of Defense Dick Cheney announced on Friday that the United States was in the process of "prepositioning" significant stockpiles of military equipment in Israel for use in any conflict in the region. "We currently are implementing an agreement with Israel to preposition materials and equipment here," Mr. Cheney said as he left a meeting with Prime Minister Yitzhak Shamir. "That's under way as we speak."

Israel has never admitted that it has nuclear weapons. But through his spokesman, Mr. Shamir said he believed the arms control program's emphasis should be placed elsewhere. "Enormous stockpiles of conventional weapons exist in this region," he said. "We have to give priority to this subject when we talk about arms control in the Middle East."

The United States and Israel reached an agreement years ago to stockpile military equipment. Reinforced bunkers and storage areas were built but the equipment was never supplied because the United States worried that Israel's Arab neighbors would view such supplies as offensive. The unexpected announcement came just one day after Mr. Cheney said the United States would give Israel 10 used F-15A jet fighters, or later B-models, and would continue supplying three-quarters of the funding for the development of an American-Israeli anti-ballistic missile, the Arrow.

Mr. Cheney said he did not think any of this conflicted with the spirit of President George Bush's plan for regional arms control, announced in Washington on Wednesday. "There is nothing inconsistent with, on the one hand, saying that we are interested in pursuing arms control and, on the other hand, providing for the legitimate security requirements that many of our friends in the region do have," he said. "The plan is not for an absolute, total ban on all arms to the region."

Bush Is Now More Positive On Soviet Plea For West's Aid

By John E. Yang and Steven Mufson

WASHINGTON — President George Bush said Friday that he was impressed by Mikhail S. Gorbachev's plans to transform the Soviet economy into a free-market system, but remained noncommittal on a range of questions involving U.S.-Soviet economic relations. Mr. Bush's 45-minute meeting with the White House in which a delegation from Moscow outlined the plan left the president more deter-

mined than before to try to find a way to help the Soviet Union, according to U.S. officials. Mr. Bush later invited the group, led by a key Gorbachev adviser, Yevgeny M. Primakov, to lunch in his dining room off the Oval Office. "We want to be helpful," Mr. Bush said to reporters during a brief appearance in the Rose Garden. "I liked what I heard."

Although Mr. Bush made no commitments, saying he still had homework to do, Mr. Primakov left in an upbeat mood. He said he expected Mr. Bush to ease trade restrictions that have hampered U.S.-Soviet commercial relations for decades, and perhaps to approve \$1.5 billion in credit guarantees that would enable Moscow to buy U.S. grain. "The move is in the right direction," Mr. Primakov said. Mr. Bush is faced with several decisions on economic relations between the United States and the Soviet Union, ranging from trade restrictions and agricultural credits to whether Mr. Gorbachev should attend the economic summit meeting of the seven leading industrialized nations in London in July.

Washington Warns Tokyo Of Sanctions on Builders

By T. R. Reid

TOKYO — The United States government threatened to slap Japan with formal trade sanctions for the first time in four years on Friday night as negotiations hit an impasse over the right of U.S. companies to bid on big construction projects in Japan. Only hours before the deadline for resolution of the construction dispute, U.S. Secretary of Commerce Richard M. Darman said that the latest Japanese offer was unacceptable. If the construction talks end in stalemate, Mr. Darman said, he will recommend that the White House impose trade penalties that would bar Japanese construction companies from working on any federally funded project in the United States. That could put as much as \$25 billion worth of projects off-limits to the Japanese.

If a U.S. construction company got a piece of such a large project, that would help other American concerns get subcontracts in such areas as engineering, design and procurement, the American negotiators say. By proving that they could perform on a highly visible public contract, the theory runs, the U.S. companies would enhance their ability to win private construction contracts in Japan as well. The U.S. negotiators have a list of 27 current or upcoming construction jobs that they want Japan to open to foreign bidders. Mr. Darman said Friday night that the Japanese had agreed to about half that many. Without further movement on the Japanese side, Mr. Darman said, he would recommend to the White House that the Japanese offer be rejected. That would touch off the sanctions against Japanese construction companies in the United States. American officials here estimate that Japanese construction companies have about \$2.5 billion worth of contracts in the United States. The U.S. share of Japanese construction work is around \$300 million.



Connors Quits in 5th Set of French Open Match With Chang

Jimmy Connors, 38, shaking hands with Michael Chang after Connors abandoned their match Friday at Roland Garros Stadium in Paris. Connors rallied to tie the score at two sets apiece, but lower-back stiffness forced him to quit. Page 17.

Socialists Block Kohl on Use of Troops

By John Tagliabue

BERLIN — Delegates to a party conference of the opposition Social Democrats voted overwhelmingly on Friday to refuse to allow the deployment of German forces outside the NATO area, except as part of United Nations peacekeeping forces. The decision, which came after three days of at times acrimonious debate, is a serious blow to Chancellor Helmut Kohl, who has pledged to

lift the deployment ban that hindered broader German involvement in the Gulf war. To do so, the chancellor requires a two-thirds majority in the Bonn legislature, and thus needs Social Democratic support. In their resolution, the delegates refused to allow German deployment not only outside the North Atlantic Treaty Organization area under alliance or UN command, but also within future European security arrangements based on the Western European Union. The Union is a long-dormant institution that is being exam-

ined as the basis for a joint European defense policy. On Tuesday, NATO defense ministers agreed in Brussels to a broad new military makeup, including a rapid reaction force. But in their resolution, the Social Democrats said, "We reject a broadening of the tasks of NATO and of the Western European Union with a view to possibly deploying troops outside NATO's defense area, and the organization of

See GERMANY, Page 5

A New Age for Africans?

End of U.S.-Soviet Strategic Rivalries in Continent Brings More Local Focus to Political Aspirations

By Neil Henry

NAIROBI — From Angola to Ethiopia this week, the end of the Cold War is transforming the political landscape of Africa at a breathtaking pace. Just 10 years ago, competition between the superpowers was pre-eminent in shaping political and economic development in Africa. The Soviet Union was supplying billions of dollars in aid to nominally Marxist client states like Ethiopia and Angola in pursuit of its dream of world communism, while more than 50,000 Cuban troops were deployed in those lands to support the shaky governments against insurgents. The United States, for its part, was funneling hundreds of millions of dollars in military and economic aid to the countries — among them, Sudan, Liberia, Zaire and Somalia — that it perceived as vital to protecting U.S. interests against Soviet and radical Arab threats. In 1991, the roll call of African events describes a different political landscape. The Soviet leaders are preaching the virtues of peace in the Third World and establishing contact with once-reviled South Africa. The Cuban proxy troops have flown home as

part of an Angolan peace accord that was being signed Friday in Lisbon. And the United States is playing the unlikely role of a political traffic cop in Ethiopia, ushering to power a rural insurgency that once idolized the example of Stalin. What is going on in Africa? "I see a number of factors, not least a growing demand for political pluralism and democratization," said Richard Joseph, a fellow at the Center for Emory University in Atlanta, which has mediated Ethiopian peace discussions. "But there is also the geopolitical aspect," he went on. "We are living in a unipolar world. The bipolarities of the past have ended, and the U.S. has emerged as the lead player. Whether this is good or bad remains to be seen, but it is clear that it has become a critical factor in Africa." U.S. mediation in Ethiopia's civil war, which culminated Tuesday in the rebel capture of Addis Ababa, represents the latest in several remarkable events in Africa that, although unrelated directly, are resulting in a redrawing of the continent's political map. The end of superpower contention, the drop in foreign military aid that weakened longtime dictators, and popular pressures for civil

See AFRICA, Page 2

Kiosk

U.S. Economic Data Push Stocks to Record

NEW YORK — The Dow Jones industrial average set a record high Friday in heavy trading after further evidence that the U.S. economy seems to be on the road to recovery. The average, which set its previous record April 17 at 3,004.46, jumped 27.05 to a record 3,027.50. The market got off to a slow start, kept in check by profit-taking after the strong gains over the previous four sessions and by weakness in the bond market. A better-than-expected rise of 0.6 percent in the April index of leading indicators and a 1.8 percent rise in factory orders hurt bonds, but the indications of economic strength cheered the stock market. (Page 10)

General News
An Angola pact ending a 16-year war, opening the way for voting, was signed. Page 2.
Money Report
Mid-size stocks in the market, pensions, savings plans. Pages 14-15.
Crossword Page 5.

Walesa's Tight Schedule of Home Repairs

By Stephen Engelberg

WARSAW — As Lech Walesa, the president of Poland, hurried typically from appointment to appointment on a recent afternoon, his political radar was scanning a wide horizon. His diplomatic triumphs, including meetings with Queen Elizabeth II and President George Bush, had been favorably reported in the Polish press. But Mr. Walesa seemed worried that the accolades for his ventures abroad were unlikely to satisfy a restive electorate mindful of his campaign promise to "accelerate" economic change. "I've done so much abroad, it's enough," he told a delegation of ethnic Poles living overseas. "Now I have to make a little movement at home. Some more acceleration." Lapsing into the imperious third person that he occasionally uses, he added, "Some people have forgotten already how Walesa acts."

Five months after he was elected president in free and open elections, Mr. Walesa is drawing upon the political instincts he first developed as a union leader to build cohesion in a country of diverging interests. He has heeded to the pioneering economic program he inherited when he took office, even though it has hit hardest at his own political base: the millions of workers in the rapidly failing government-run industries. It has not been an easy sell to convince workers earning an average \$175 a month that it is vital to free prices and end subsidies so that many goods are selling for prices similar to those in the West. Mr. Walesa is keenly aware of the risks: His popularity as shown in public-opinion polls dropped 10 percentage points in May, to a 49 percent approval rating. Wildcat strikes are breaking out all over the country, and even the Solidarity union, which he headed for a decade, is emerging as a major critic of the government. But Mr. Walesa is highly esteemed in Poland for his instinctive feel for the moods of the masses, and as he affirmed during the day in which he allowed this correspondent to watch his routine, he is confident his common touch will help him avoid becoming praised overseas but reviled at home. He began as he does every day, with a 7:30 A.M. Mass in the chapel in the basement of the presidential palace. He was joined by two top aides and a couple of cleaners. After breakfast with his personal secretary and press secretary, and a quick session with his defense minister, Mr. Walesa greeted a group of Poles living overseas. It is a politically and economically significant constituency: millions of ethnic Poles living outside Poland and earning hard cash that they can send back home. He sat at the head of a long table, his feet tapping a double-time rhythm on the floor. Among the visitors were some from Lithuania's old Polish community who asked tough questions about Warsaw's policy toward the Soviet Union. Mr. Walesa responded with down-to-earth folk wisdom. "We must try to be good neighbors," he said. See WALESA, Page 5.

Lech Walesa has conceded that he must accelerate economic change in Poland.

سكنا من الاموال

Angolan Pact Ends 16-Year War and Opens Way for Vote

By Alan Riding
New York Times Service

LISBON — Angola's Soviet-backed government and the United States-backed UNITA rebel movement signed a peace agreement on Friday aimed at ending 16 years of civil war and preparing the ravaged southern African nation for free elections and democracy.

An official cease-fire went into effect immediately after the agreement was signed here by President José Eduardo dos Santos and the UNITA leader, Jonas Savimbi.

An informal cease-fire called by the two sides on May 15 appeared to be largely holding.

Under the accord, which was initiated by negotiators here on May 1, the former enemies also agreed to build a united armed force, to consolidate political pluralism and a market economy, and to work together until the country's first free elections are held in the second half of 1992.

The signing ceremony at the Portuguese Foreign Ministry climaxed a year of negotiations in which the United States and the Soviet Union played key roles in pressing the two sides to end a war that has taken 300,000 lives. Portugal, which ruled Angola until 1975, acted as a mediator in the talks.

The U.S. secretary of state, James A. Baker 3d, who witnessed the formalization of the accord along with the Soviet foreign minister, Alexander A. Bessmertnykh, described it as additional proof of new cooperation between Washington and Moscow to end regional conflicts.

But the cease-fire also became possible because the warring factions apparently reached the conclusion that neither side could win.

While the government controls the capital, Luanda, as well as the coast and oil-producing areas, UNITA, or the National Union for the Total Independence of Angola, occupies much of the south and east.

Sitting between the leaders of the two Angolan forces, Prime Minister António Cavaco Silva said, "Today there are no losers, only one winner: the Angolan people."

If the accord is respected, he said, Angolans could at last look forward to development and decent living conditions. The war devastated the Angolan economy.

Congratulating the two sides for ending the civil war, Mr. Baker said: "Once adversaries in war, you

now stand together as partners in peace. You have the opportunity to show the world that a multiparty democracy can be built where before there was only destruction and distrust."

For many of Angola's 10 million people, the accord may mean peace for the first time in their lives. Before the civil war erupted on the eve of Angolan independence in November 1975, the country had seen 14 years of guerrilla warfare led by nationalists seeking independence.

Under the agreement, a small United Nations observer force will monitor the cease-fire during preparations for internationally supervised elections to be held between Sept. 1 and Nov. 30 next year. The force is expected to comprise 440 military and police officers and 175 civilians.

The Luanda government and UNITA have also agreed to create a single 50,000-member armed force. Portugal, Britain and France are to help build the new army.

Washington and Moscow have pledged to end arms supplies to Angola.

Under an earlier agreement, Cuban troops completed their withdrawal from Angola on May 24, five weeks ahead of schedule, after playing a major role in sustaining the Luanda government since 1975.

At one point, as many as 50,000 Cuban soldiers were involved in the war against UNITA.

Under that same agreement, South Africa ended its support for UNITA in 1989, and in 1990 it granted independence to Namibia, from which its forces had launched frequent attacks into Angola dating back to 1975.

In Angola, the governing Popular Movement for the Liberation of Angola, set the stage for the move to democracy when it dropped its commitment to Marxist-Leninism in March. Since then, the formation of new political parties has been allowed.

The main contest for the presidency next year seems likely to pit Mr. dos Santos against Mr. Savimbi.

Announcing plans to return to Luanda in early July to start preparing his campaign, the UNITA leader said he would recognize Mr. dos Santos as president until the elections.

Both Mr. dos Santos and Mr. Savimbi pledged to carry out the peace accord to the letter.



Ethiopians demonstrating on Friday in Akaki, south of Addis Ababa. The rally was held to urge rebel factions not to divide the country.

Calm, but Little Else, in Addis Ababa

By Clifford Krauss
New York Times Service

ADDIS ABABA — Three days after overthrowing the Ethiopian government, guerrilla forces occupying the capital established a semblance of calm on Friday. But they have so far failed to begin creating a working administration for the country, according to diplomats and relief officials.

In just one week, this highland capital of three million people has experienced the collapse of a 17-year-old Marxist dictatorship, a ferocious tank battle for the Presidential Palace, and a violent crackdown against street demonstrations by fighters perceived as foreign invaders by the local Amhara ethnic population. More than 100 people were killed and 80 wounded in the crackdown.

Friday was the first day since the rebels entered Addis Ababa on Tuesday that there was not automatic weapons fire in the streets, but nothing like a normal routine has yet set in.

Crowds gathered outside of banks to withdraw their money, but banks as well as most stores remained shut. Streets were clogged by motorists waiting on long lines at gasoline stations.

Hundreds of angry teachers occupied the Education Ministry demanding that they receive three months' back pay.

With food prices and street crime rising sharply and resentment growing against the occupying guerrillas from Tigre Province, stability in the capital appeared tenuous, according to foreign diplomats.

"This is not a simple business," said Gebre Tsadkan, the Tigrean military administrator for Addis Ababa, conceding that his forces had yet to establish the rule of law. "Our experience is not very adequate for the task we face."

Reports from the provinces indicate that bands of defeated soldiers, armed refugees, as well as Sudanese and Somali bandits are terrorizing much of the south. In the north, the Eritrean People's Liberation Army has formed its own provisional government, leaving the impression among many Ethiopians and diplomats that the country is being divided by the two major guerrilla groups.

Thousands of tons of grain and fertilizer are stranded in the port of Assab, leading a senior Middle Eastern diplomat to suggest that the Eritrean separatists are using the port as a pressure point to assure that the Tigrean fighters will not stand in the way of their claims for independence for their northern province along the Red Sea.

"War had always been an abstraction in Addis Ababa until the last two or three weeks," said a foreign humanitarian aid official. "Now the social fabric is tearing."

At a gathering of foreign aid officials Friday morning, the Tigreans pledged that they were working for democracy and free markets and they promised to cooperate with the relief agencies in every way possible. But they could offer no assurances that the international airport or roads between the capital and the nation's two principal ports could be secured and opened within the next week.

Michael Ellis, a representative of the United Nations World Food Program, said at the meeting with Tigrean officials that refugee camps sheltering hundreds of thousands of people faced "a potentially catastrophic situation."

The United Nations High Commissioner for Refugees, which feeds and cares for over 900,000 Sudanese and Somali refugees living in Ethiopia, has temporarily suspended operations because of security concerns.

WORLD BRIEFS

UN Puts 30% Limit on Iraqi Profits From Oil to Compensate War Victims

UNITED NATIONS, New York (AP) — Secretary-General Javier Pérez de Cuellar announced Friday that no more than 30 percent of Iraq's future oil profits may be used to pay compensation to victims of Iraq's invasion of Kuwait.

The actual percentage will be set later by the UN Compensation Commission. But it is expected to be close to the 30 percent limit that Mr. Pérez de Cuellar announced. The United States had urged that 40 to 50 percent of Iraq's oil profits be used to compensate its victims, while developing nations had urged payment equivalent to 5 percent to 10 percent.

International economic sanctions imposed to punish the government of Saddam Hussein for the Aug. 2 invasion of Kuwait bar Iraq from selling oil. The sanctions are not likely to be lifted in the near future, because Iraq still has to abide by conditions imposed by the Security Council, including the destruction of its weapons of mass destruction.

Under the Security Council cease-fire resolution of April 3, Iraq is liable "for any direct loss, damage, including environmental damage and depletion of natural resources, or injury to foreign government nationals and corporations" resulting from the invasion and occupation of Kuwait.

Spain Holds Irishman in ETA Raid

BARCELONA (AP) — An Irishman was among the five people arrested during a raid near here on a group suspected of carrying out a car-bomb attack that killed nine people, the police said Friday.

The authorities said they had arrested the Irishman, Denis Mark Ronan, 22, a university teacher, during the raid Thursday on a house occupied by ETA separatist suspects in a village 30 kilometers (18 miles) from Barcelona. Two Basque guerrilla suspects in the house who died after a gun battle with the police were believed to have been the head of ETA's Barcelona unit and his deputy.

The unit has been held responsible for the car-bomb explosion in the town of Vic on Wednesday in which a Civil Guard barracks was destroyed. Forty people were wounded in the explosion. The police said the raid on the ETA unit had dealt the group a serious blow.

Weak AIDS-Like Virus Infects Cows

WASHINGTON (AP) — A weak relative of the AIDS virus is widely distributed among cattle in the United States but does not pose a threat to human health, government researchers said Friday.

Bovine immunodeficiency-like virus seems to be prevalent among dairy cattle in the South, said Martin Van Der Maaten of the National Animal Disease Center in Ames, Iowa.

The researchers have not determined whether the virus actually impairs the immune defenses of cows, but some infected cattle have developed enlarged lymph nodes, excess white blood cells and mock aggressiveness. Dr. Matthew Gonda, who has been using the virus in his AIDS research for the National Cancer Institute, said there was "absolutely no" risk of humans contracting the cow virus.

Rain of Explosives Kills 5 in Pakistan

PESHAWAR, Pakistan (UPI) — A series of explosions that lasted for hours rocked an army ammunition depot in northwestern Pakistan on Friday, sending shells and rockets raining down on homes, killing at least five people and injuring 37, police and hospital sources said.

The sources said it was not known what caused the blasts, which began about 5 P.M. at the depot in the town of Nowshera, about 40 kilometers (25 miles) east of Peshawar.

They said explosions continued sporadically for about two and a half hours after the first blast. Shells, rockets and other ordnance from the depot rained down on Nowshera, damaging homes, public buildings and roads. The army tried to evacuate thousands of residents, and thousands more fled on their own, blocking exit roads from city, witnesses said. Communications with Nowshera were cut off for more than two hours.

German Brewery in Greece Attacked

ATHENS (AP) — An anti-tank missile was fired at a German brewery north of here early Friday, causing heavy damage but no injuries, officials said. A caller took responsibility for a leftist terrorist group.

The police said night employees evacuated the factory after the caller phoned an Athens daily Eleftherotypia and warned that the site would be attacked by the urban terrorist group November 17.

The missile was fired from a plastic tube and set fire to the Löwenbrau brewery in Ahtani, 180 kilometers (110 miles) north of the capital, causing extensive damage. The group has taken responsibility for several rocket attacks against foreign and Greek companies in the past.

Correction

A front-page photo caption in some Thursday editions misidentified a soccer player for the Red Star Belgrade team. He was the striker Dragisa Binić.

TRAVEL UPDATE

Singapore Airlines said it would start service to Toronto from Singapore three times a week, beginning Saturday. The service will use Boeing 747-400s and stop in Vienna and Amsterdam. (AP)

A 20-kilometer (12-mile) traffic jam was caused Friday by a truckers' protest at a border post at Frankfurt an der Oder, Germany. The truckers were demonstrating over waits of up to 20 hours to get through Polish customs. (AP)

Finnair's national airline, Finnair, began direct flights on Friday from Helsinki to Tokyo through Soviet airspace, rather than flying over the North Pole and the Bering Strait. (AP)

The Weather



North America
High heat and humidity will dominate the weather picture over the south-central United States through Tuesday. Temperatures will be in the 80s and 90s. In the Northeast, temperatures will be in the 50s and 60s. A cold front will move into the region from the north on Tuesday.

Europe
Most of Europe will be in the grip of a cool northerly wind Sunday through Tuesday. Temperatures will be in the 40s and 50s. A cold front will move into the region from the north on Tuesday.

Asia
High-rain thunderstorms will rain Southeast Asia Sunday through Tuesday, especially in the afternoon. There will be a few showers and scattered thunderstorms over central China Sunday through Tuesday. Rain will fall in Korea and northern Japan.

City	Today	Tomorrow	City	Today	Tomorrow
Algeria	71/85	72/85	London	54/67	55/67
Amsterdam	54/67	55/67	Los Angeles	64/78	65/78
Ankara	64/78	65/78	Madrid	54/67	55/67
Athens	64/78	65/78	Moscow	44/57	45/57
Bahia	71/85	72/85	New Delhi	24/37	25/37
Bangkok	71/85	72/85	New York	64/78	65/78
Beijing	64/78	65/78	Osaka	64/78	65/78
Bombay	71/85	72/85	Paris	54/67	55/67
Buenos Aires	71/85	72/85	Rangoon	71/85	72/85
Calcutta	71/85	72/85	San Francisco	54/67	55/67
Cairo	71/85	72/85	Seoul	54/67	55/67
Cardiff	54/67	55/67	Singapore	71/85	72/85
Chengdu	64/78	65/78	Taipei	64/78	65/78
Chongqing	64/78	65/78	Tokyo	64/78	65/78
Columbus	64/78	65/78	Urumqi	44/57	45/57
Dallas	64/78	65/78	Yokohama	64/78	65/78
Damascus	64/78	65/78			
Dhaka	71/85	72/85			
Durham	54/67	55/67			
Edinburgh	54/67	55/67			
Hankow	64/78	65/78			
Hong Kong	71/85	72/85			
Kobe	64/78	65/78			
Kuala Lumpur	71/85	72/85			
Lahore	71/85	72/85			
London	54/67	55/67			
Los Angeles	64/78	65/78			
Lyons	54/67	55/67			
Manila	71/85	72/85			
Medan	71/85	72/85			
Moscow	44/57	45/57			
Mumbai	71/85	72/85			
Nairobi	71/85	72/85			
Osaka	64/78	65/78			
Paris	54/67	55/67			
Peking	64/78	65/78			
Perth	54/67	55/67			
Port of Spain	71/85	72/85			
Prague	54/67	55/67			
Rangoon	71/85	72/85			
Reykjavik	54/67	55/67			
Riyadh	71/85	72/85			
Salt Lake City	54/67	55/67			
San Francisco	54/67	55/67			
Sao Paulo	71/85	72/85			
Seoul	54/67	55/67			
Singapore	71/85	72/85			
Sofia	54/67	55/67			
Taipei	64/78	65/78			
Tokyo	64/78	65/78			
Urumqi	44/57	45/57			
Yokohama	64/78	65/78			

RELIGIOUS SERVICES

DUSSELDORF
CHRIST CHURCH (Anglican) S.S. and Services 11:00 a.m. All Denominations welcome. Rotterdam Str. 125. Tel. 0211/452299.

LUDEMBURG
CHRISTIAN COMMUNITY CHURCH, English-speaking, Bible study, prayer, fellowship, Sunday worship 10:30 a.m. Prayer and study groups during the week. Tel. 36.95.65.

MADRID
COMMUNITY CHURCH OF MADRID, English-speaking Non-Denominational, Sunday 11 a.m. Sunday School 10:30 a.m. Tel. 446-50-07.

MUNICH
INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Fellowship, services in English, 8:30 p.m. Sunday School 10:30 a.m. Tel. 102-7288-11, 102-7288-12.

PARIS AND SUBURBS
THE AMERICAN CATHEDRAL (Episcopal/Anglican), Sunday 9:30 a.m. Sunday School 10:30 a.m. Tel. 47-20-17, 47-20-18, 47-20-19, 47-20-20, 47-20-21, 47-20-22, 47-20-23, 47-20-24, 47-20-25, 47-20-26, 47-20-27, 47-20-28, 47-20-29, 47-20-30, 47-20-31, 47-20-32, 47-20-33, 47-20-34, 47-20-35, 47-20-36, 47-20-37, 47-20-38, 47-20-39, 47-20-40, 47-20-41, 47-20-42, 47-20-43, 47-20-44, 47-20-45, 47-20-46, 47-20-47, 47-20-48, 47-20-49, 47-20-50, 47-20-51, 47-20-52, 47-20-53, 47-20-54, 47-20-55, 47-20-56, 47-20-57, 47-20-58, 47-20-59, 47-20-60, 47-20-61, 47-20-62, 47-20-63, 47-20-64, 47-20-65, 47-20-66, 47-20-67, 47-20-68, 47-20-69, 47-20-70, 47-20-71, 47-20-72, 47-20-73, 47-20-74, 47-20-75, 47-20-76, 47-20-77, 47-20-78, 47-20-79, 47-20-80, 47-20-81, 47-20-82, 47-20-83, 47-20-84, 47-20-85, 47-20-86, 47-20-87, 47-20-88, 47-20-89, 47-20-90, 47-20-91, 47-20-92, 47-20-93, 47-20-94, 47-20-95, 47-20-96, 47-20-97, 47-20-98, 47-20-99, 47-20-100.

THE AMERICAN CATHEDRAL (Episcopal/Anglican), Sunday 9:30 a.m. Sunday School 10:30 a.m. Tel. 47-20-17, 47-20-18, 47-20-19, 47-20-20, 47-20-21, 47-20-22, 47-20-23, 47-20-24, 47-20-25, 47-20-26, 47-20-27, 47-20-28, 47-20-29, 47-20-30, 47-20-31, 47-20-32, 47-20-33, 47-20-34, 47-20-35, 47-20-36, 47-20-37, 47-20-38, 47-20-39, 47-20-40, 47-20-41, 47-20-42, 47-20-43, 47-20-44, 47-20-45, 47-20-46, 47-20-47, 47-20-48, 47-20-49, 47-20-50, 47-20-51, 47-20-52, 47-20-53, 47-20-54, 47-20-55, 47-20-56, 47-20-57, 47-20-58, 47-20-59, 47-20-60, 47-20-61, 47-20-62, 47-20-63, 47-20-64, 47-20-65, 47-20-66, 47-20-67, 47-20-68, 47-20-69, 47-20-70, 47-20-71, 47-20-72, 47-20-73, 47-20-74, 47-20-75, 47-20-76, 47-20-77, 47-20-78, 47-20-79, 47-20-80, 47-20-81, 47-20-82, 47-20-83, 47-20-84, 47-20-85, 47-20-86, 47-20-87, 47-20-88, 47-20-89, 47-20-90, 47-20-91, 47-20-92, 47-20-93, 47-20-94, 47-20-95, 47-20-96, 47-20-97, 47-20-98, 47-20-99, 47-20-100.

THE AMERICAN CATHEDRAL (Episcopal/Anglican), Sunday 9:30 a.m. Sunday School 10:30 a.m. Tel. 47-20-17, 47-20-18, 47-20-19, 47-20-20, 47-20-21, 47-20-22, 47-20-23, 47-20-24, 47-20-25, 47-20-26, 47-20-27, 47-20-28, 47-20-29, 47-20-30, 47-20-31, 47-20-32, 47-20-33, 47-20-34, 47-20-35, 47-20-36, 47-20-37, 47-20-38, 47-20-39, 47-20-40, 47-20-41, 47-20-42, 47-20-43, 47-20-44, 47-20-45, 47-20-46, 47-20-47, 47-20-48, 47-20-49, 47-20-50, 47-20-51, 47-20-52, 47-20-53, 47-20-54, 47-20-55, 47-20-56, 47-20-57, 47-20-58, 47-20-59, 47-20-60, 47-20-61, 47-20-62, 47-20-63, 47-20-64, 47-20-65, 47-20-66, 47-20-67, 47-20-68, 47-20-69, 47-20-70, 47-20-71, 47-20-72, 47-20-73, 47-20-74, 47-20-75, 47-20-76, 47-20-77, 47-20-78, 47-20-79, 47-20-80, 47-20-81, 47-20-82, 47-20-83, 47-20-84, 47-20-85, 47-20-86, 47-20-87, 47-20-88, 47-20-89, 47-20-90, 47-20-91, 47-20-92, 47-20-93, 47-20-94, 47-20-95, 47-20-96, 47-20-97, 47-20-98, 47-20-99, 47-20-100.

THE AMERICAN CATHEDRAL (Episcopal/Anglican), Sunday 9:30 a.m. Sunday School 10:30 a.m. Tel. 47-20-17, 47-20-18, 47-20-19, 47-20-20, 47-20-21, 47-20-22, 47-20-23, 47-20-24, 47-20-25, 47-20-26, 47-20-27, 47-20-28, 47-20-29, 47-20-30, 47-20-31, 47-20-32, 47-20-33, 47-20-34, 47-20-35, 47-20-36, 47-20-37, 47-20-38, 47-20-39, 47-20-40, 47-20-41, 47-20-42, 47-20-43, 47-20-44, 47-20-45, 47-20-46, 47-20-47, 47-20-48, 47-20-49, 47-20-50, 47-20-51, 47-20-52, 47-20-53, 47-20-54, 47-20-55, 47-20-56, 47-20-57, 47-20-58, 47-20-59, 47-20-60, 47-20-61, 47-20-62, 47-20-63, 47-20-64, 47-20-65, 47-20-66, 47-20-67, 47-20-68, 47-20-69, 47-20-70, 47-20-71, 47-20-72, 47-20-73, 47-20-74, 47-20-75, 47-20-76, 47-20-77, 47-20-78, 47-20-79, 47-20-80, 47-20-81, 47-20-82, 47-20-83, 47-20-84, 47-20-85, 47-20-86, 47-20-87, 47-20-88, 47-20-89, 47-20-90, 47-20-91, 47-20-92, 47-20-93, 47-20-94, 47-20-95, 47-20-96, 47-20-97, 47-20-98, 47-20-99, 47-20-100.

THE AMERICAN CATHEDRAL (Episcopal/Anglican), Sunday 9:30 a.m. Sunday School 10:30 a.m. Tel. 47-20-17, 47-20-18, 47-20-19, 47-20-20, 47-20-21, 47-20-22, 47-20-23, 47-20-24, 47-20-25, 47-20-26, 47-20-27, 47-20-28, 47-20-29, 47-20-30, 47-20-31, 47-20-32, 47-20-33, 47-20-34, 47-20-35, 47-20-36, 47-20-37, 47-20-38, 47-20-39, 47-20-40, 47-20-41, 47-20-42, 47-20-43, 47-20-44, 47-20-45, 47-20-46, 47-20-47, 47-20-48, 47-20-49, 47-20-50, 47-20-51, 47-20-52, 47-20-53, 47-20-54, 47-20-55, 47-20-56, 47-20-57, 47-20-58, 47-20-59, 47-20-60, 47-20-61, 47-20-62, 47-20-63, 47-20-64, 47-20-65, 47-20-66, 47-20-67, 47-20-68, 47-20-69, 47-20-70, 47-20-71, 47-20-72, 47-20-73, 47-20-74, 47-20-75, 47-20-76, 47-20-77, 47-20-78, 47-20-79, 47-20-80, 47-20-81, 47-20-82, 47-20-83, 47-20-84, 47-20-85, 47-20-86, 47-20-87, 47-20-88, 47-20-89, 47-20-90, 47-20-91, 47-20-92, 47-20-93, 47-20-94, 47-20-95, 47-20-96, 47-20-97, 47-20-98, 47-20-99, 47-20

Herald Tribune

Published With The New York Times and The Washington Post

To Control Mideast Arms

Bush's Plan Waffles

President George Bush's long-awaited arms control initiative for the Middle East is a puzzling blend of decent instincts and half-measures. He proposes sensible ways to curb the spread of nuclear, chemical and biological arms and ballistic missiles. And he is right to call upon other major powers to join the United States in drawing up guidelines to restrain arms sales.

But he has not provided the essential ingredient—a clear commitment to slow U.S. arms sales. That could undermine his broader hopes for arms control and peace.

The president's muddle is best summed up by a single sentence in which he speaks of "balancing the proliferation of conventional and unconventional weapons in the Middle East, while supporting the legitimate need of every state to defend itself." Given the region's ravenous appetite for arms, the two goals are not strictly compatible. And of the two, nonproliferation demands priority.

On conventional weapons, Mr. Bush has useful ideas. He wants all countries in the region to sign the 1972 treaty banning biological weapons and a global ban on chemical weapons now under negotiation. And he wants to freeze their ballistic missiles, and later ban them. To obtain Arab consent, he seeks, reasonably, to limit Israel's nuclear edge by a verifiable ban on the production

and acquisition of weapons-grade nuclear material. His aim is "a regional nuclear-free zone"—an idea Israel has endorsed.

As for conventional arms, Mr. Bush now wants a conference of the five leading suppliers—the United States, Soviet Union, Britain, France and China—to set guidelines curbing arms sales. They will need to give prior notification of all sales and agree on which sales to bar or restrict.

Meanwhile, the president seems to have failed to alter his defense secretary, Dick Cheney, to his plans. Mr. Cheney is financing Israeli development of the Arrow anti-missile missile. He promises "legitimate" arms sales to allies like Saudi Arabia, even while pledging to help the Israelis "maintain their qualitative edge" in conventional arms.

The ambiguous U.S. position disturbs Israel, which this week renewed its proposal to link limits on unconventional arms to curbs on conventional arms sales. It alienates Arabs, who suspect it will give Israel an advantage. And it gives other supplier states no incentive to curb sales.

The gap between rhetoric and reality is profoundly disturbing. While Mr. Bush announces lofty aims, he fails to commit the United States to specific targets and allows Mr. Cheney to engage in business as usual. Waffling in Washington is no way to get constructive talks going in the Middle East.

—THE NEW YORK TIMES.

A Crucial Contribution

Any arms control agreement in the Middle East is going to be slow and dauntingly difficult to achieve, but the possibilities at the moment are probably better than they have ever been. American leadership is essential. President George Bush's current proposals make a crucial contribution to the hopes for a Middle Eastern peace that is more than an interlude between wars.

In the Iraq war, governments saw a demonstration of the extraordinary speed with which the technology of weapons is moving. Even the richest of the Middle Eastern governments has to ask itself how long it can afford to stay in the race. As for the countries selling weapons to the Middle East, they have had a hint of the moral responsibilities that swing back on the sellers when these weapons are used for aggression and when they are used, like the Scud missiles, indiscriminately against civilian populations.

Chemical warfare will probably be the most promising place to start. The fact that Iraq did not use its large stockpile of gas is a pretty clear indicator that not even the Iraqis find it indispensable. A worldwide effort to get rid of chemical weapons is now gathering momentum. Last week the industrial countries agreed on a list of chemicals

possible ingredients of gas weapons—that they will now export only with restrictions. These circumstances make a Middle Eastern agreement on gas seem reachable, and that, with a little luck, could lead to restraints on other weapons.

The Middle East's governments, Arab and Israeli, have another powerful incentive for moving forward. Their enemy Iraq is now to be stripped of many of its weapons by the UN as a condition for lifting the embargo on its oil. But once the oil begins flowing again and the years pass, it will be difficult to keep enforcing these prohibitions on Iraq unless they are part of a larger regional arms control regime.

In the end, the best hope for Mr. Bush's proposals lies in the dreadful logic of the weapons themselves. If the Middle Eastern governments cannot summon the will to make their military competition safer, the continuing development of the weapons will rapidly make it much more dangerous. Mr. Bush's proposals center on the control of missiles and the so-called weapons of mass destruction. But they also include an approach to restraining transfers of conventional arms. His formulas are arguable, all such formulas are arguable. The important need is to get the discussion started.

—THE WASHINGTON POST.

On Course in Ethiopia

In Addis Ababa, a rebel force, encouraged by the State Department to establish order as the Ethiopian army melted away, is now in charge. Americans have been the target of some rocks and angry words flung by Ethiopians upset not only by the American-approved entry of the rebels into the capital but also by American support to an independence referendum in Eritrea. All this has provoked questions about U.S. handling of the changing of the guard.

At the moment it appears that American diplomacy has acted responsibly. Its purpose was to try to help Ethiopia move from war to peace and from dictatorship to democracy. It has been acting in response to the requests of all the parties, who met with Herman Cohen, assistant secretary of state for Africa, in London.

The Ethiopian army had already disintegrated, some steady presence was needed in Addis Ababa, and the rebels were already taking over. To the extent that U.S. approval of their entry mattered, it was to attempt to put the rebels on their best behavior.

In London, the United States made a contribution to an Ethiopian plan to meet within a month to set up a provisional government that will plan for democratic elections within a year. No democracy, no assistance, Mr. Cohen said—a good word to put out to a new Ethiopian group that has professed to abandon Marxism.

At the same time American policy is being criticized for seeming to approve of the Eritrean rebels' announced decision to stay out of an Ethiopia-wide provisional government and set up their own provisional government in Eritrea. Supposedly this encourages the dread prospect of ethnic splitting. But the Eritreans already hold their land, all of it; they won a 30-year war against Ethiopia; and they are finally poised to enter the new millennium.

This is how the American government comes to support not secession but democratic change. It is risky for the United States to involve itself diplomatically in Ethiopia's transition. It is right to try.

—THE WASHINGTON POST.

A Plan Without Action

The "action plan" to fight recession announced by Democratic leaders in Congress does not call for action, is not much of a plan and is irrelevant to recession. The leaders advocate extending unemployment benefits, building roads and bridges and cutting taxes for the middle class, all of which would stimulate a sluggish economy. But they provide no specific proposals, no specific costs and no specific commitments.

Some of these ideas deserve support—that is, that promote long-term growth, not just short-term recovery. The problem is that Congress does not have the tools needed to fight this mild recession, and if it tried, it would risk doing more harm than good.

Spending programs and tax cuts take time to conceive, negotiate and carry out. They take even longer to affect the economy. Often in the past, anti-recession initiatives have not kicked in until after recovery began, destabilizing the economy.

That is the danger now. The economy is mired in recession. But the legislation now proposed might take as long as a year to work. Yet the recession is already 11 months old, the average length of recent downturns. It may or may not be over already. But it will probably be over by the time the Democratic Party plan could take hold.

Uncertainty about timing is reason enough to put fiscal policy on a back burner.

Monetary policy—manipulation of the money supply by the Federal Reserve Board—suffers from similar uncertainty. But at least the Fed can respond instantaneously to news and events, which is one reason it bears heavy responsibility for keeping the economy stable.

Of course, if the economy were collapsing into a major slump, delicate issues of timing would lose importance and Congress would have to turn to countercyclical tools. But current data suggest no such catastrophe. The "action plan" is misguided as a weapon against recession.

Even so, parts of the plan offer welcome answers to problems of long-term stagnation and individual misfortune. The economy desperately needs investments in infrastructure, schools and workplace training. And unemployed workers need and deserve support until they find new jobs. Pressed to balance budgets, states have severely cut back eligibility for benefits so that only a minority of the unemployed now qualify. This is a cruel, unnecessary predicament.

Hastily conceived tax cuts and other projects for short-term relief cannot be timed to bring the economy out of this recession. What the economy needs from Washington now is what it needs during prosperity: policies that promote long-term growth.

—THE NEW YORK TIMES.

The Mideast Arms Plan Makes Sense for All

By Avner Cohen and Marvin Miller

CAMBRIDGE, Massachusetts — President George Bush's announcement of a U.S. initiative to control weapons of mass destruction in the Middle East is timely and realistic. Despite the reported misgivings of the Israeli government, the plan serves the interests of both Israel and the Arab states in avoiding a new arms race.

The proposal for a verifiable ban on producing or acquiring nuclear weapons materials challenges Israeli conventional wisdom.

So long as the Arab states can be dissuaded or prevented from getting nuclear weapons, that view holds. Israel should resist any discussions about the reported existence of its own atomic bombs.

Ambiguity about its nuclear status has provided Israel with the best of both worlds: a credible

posture of nuclear deterrence against threats to its existence, while never openly admitting that it has such arms. With the presumed short-term elimination of Iraq as a nuclear threat, the Israeli attitude is why rock the boat?

This policy may once have had its political logic, but it no longer guarantees Israel's long-term security.

The reported existence of an Israeli nuclear arsenal will continue to provide an incentive and excuse for Islamic states, such as Syria, Iran and perhaps a resurgent Iraq, to develop comparable

weapons. Without a settlement of the Arab-Israeli conflict it is only a matter of time before one or more of these states do so, with potentially catastrophic consequences.

One way to reduce the risk is to establish a nuclear-free zone in the Middle East.

Indeed, the United Nations resolution that requires the dismantling of Iraq's nuclear, chemical and missile capabilities notes that this action should be the first step toward banning all weapons of mass destruction, including nuclear arms, from the region.

(President Hosni Mubarak of Egypt proposed a nuclear-free zone a year ago. The idea was first put forward in 1974 by Egypt and Iran.)

Israel and its adversaries say they support the concept of a nuclear-free zone. But the conditions that each has stipulated are unacceptable to the other, so a nuclear-free zone is unrealistic at present. Mr. Bush's plan is a realistic way to break this impasse.

All Middle Eastern countries must reaffirm their stand against nuclear proliferation. A good start in this direction—in the context of an Arab-Israeli peace conference—would be a commitment to no first use of atomic arms. Such declarations must be reinforced by strong verification measures. All non-nuclear states must accept the authority of the International Atomic Energy Agency to make special inspections at known and suspected nuclear sites.

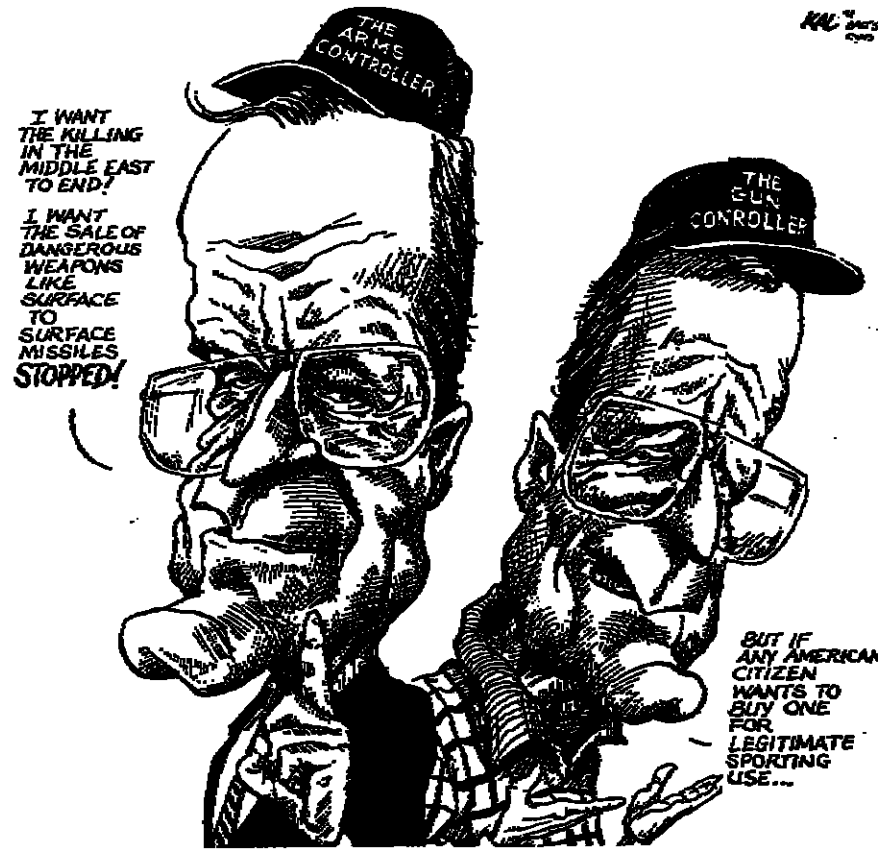
In line with the new American initiative, Israel would agree to a verifiable halt in the production of all nuclear weapons materials. In practice this would involve shutting down part of its Dimona nuclear complex.

In addition, there must be stronger curbs on the export of nuclear technology to the region. Any interim arrangement must leave the current asymmetry of nuclear capabilities intact: Israel would keep its deterrent. The Arabs would not be allowed to acquire nuclear arms.

The attraction of this in the Arab perspective is that for the first time Israel's capabilities would be constrained.

Israel was not the first state to acquire a nuclear capability, and given its security concerns and history, it should not be expected to be the first to disarm.

Mr. Cohen, a lecturer in philosophy at Tel Aviv University, is a visiting scholar at Massachusetts Institute of Technology. Mr. Miller is a senior research scientist in nuclear engineering at MIT. They contributed this view to The New York Times.



Ethiopia: Why Israel Isn't Cheering the Rebel Victory

By John K. Cooley

LONDON — Out of Africa comes news both good and bad. Soviet power there has ended, but now the Arab-Israeli conflict may spread southward, perhaps to the Red Sea.

In London, Herman Cohen, U.S. assistant secretary of state for African affairs, has conducted talks — peace talks that turned into surrender talks — between the collapsed Mengistu regime of Ethiopia, once supported by the Soviets, and its victorious, Arab-backed, challengers.

What the Bush administration hoped Mr. Cohen could achieve in London were the beginnings of a decentralized Ethiopia, where the international community could help heal the ravages of war and famine.

But time may not be on Washington's side. History is bringing the regional actors back on stage.

Though many Israelis considered the recent air rescue of thousands of Ethiopian Jews a major success, Israel has met with setbacks in the Horn of Africa, too: the recent rebel seizure of Assef, the last Red Sea port in Ethiopian government hands, and the capture by the Eritrean People's Liberation Front of Asmara, the capital of Eritrea.

Those are essentially victories for America's other allies: the Arabs of

the anti-Iraq coalition, especially Syria and Saudi Arabia.

For 30 years, since the Eritrean revolt began, Arabs have supported the Eritreans. More recently, revolutionary Iran has backed them as well.

With equal determination, Israel has provided military aid, missions and monitoring posts in the Red Sea in an effort to preempt any attempt to block its southern lifeline.

The Red Sea route to Israel's southern port of Eilat has been a traditional route for Israel's oil imports. Before the Iranian revolution in 1979, many of its oil shipments came from Iran. Since then, Israel has diversified its oil suppliers, which now include Egypt.

I recall an Israeli military briefing in Tel Aviv in May 1967 when Nasser was threatening war. The map displayed at the briefing was not of the Sinai, but of the Red Sea. It showed the sea's southern entrance: Ethiopia and the British colony of Aden, soon to become South Yemen, then a Marxist, anti-Israeli state.

This was one reason Israel immediately resumed wooing the Marxist Ethiopia of Lieutenant Colonel Mengistu Haile Mariam, even as it had wooed Haile Selassie's empire.

In 1977, Fidel Castro tried to help the Arabs create an anti-Israel Red Sea federation. He wanted it to include Somalia, an adversary of Ethiopia, along with Ethiopia (for whose government he had only the highest praise) and South Yemen. For various reasons, his efforts failed.

Saudi Arabia, Syria and other Arab governments aided various factions of the Eritrean separatists. The Eritrean leadership was mainly Muslim, although the current front leader, Issayas Afewerki, is a Christian.

The common bloc of the nations — Soviet-bloc or Muslim — giving aid to the Eritreans was that Eritrean independence would mean an end to Israel's presence in the Red Sea.

Yet slowly, the Kremlin's global retreat ended Soviet and Cuban military assistance to leftist Arab and African regimes. This in turn left the field clear for Muslim regimes to pursue their own security goals.

After the Iranian revolution, the new Islamic republic took interest in

the Eritrean cause. One Eritrean group met with the Iranian revolutionaries who were holding American diplomats in the U.S. Embassy in Tehran in 1980. Iran then promoted its own Eritrean group, the Islamic Jihad Movement of Eritrea, against the far more secular-minded Eritrean People's Liberation Front.

Tehran also has given verbal support to another ethnic Ethiopian revolutionary group, the Oromo Liberation Front, which is predominantly Muslim.

With the end of the Soviet role and with moves by the United States to reduce arms sales to the Middle East, the time clearly has come for all peacekeepers, and especially the Bush administration, to halt the flow from American allies of arms to the factions in the Horn of Africa.

The United States and its allies should redouble efforts to quench the ethnic, religious and political fires in the region. Failure would bring a dangerous extension of sectarian conflict.

The writer, an ABC News correspondent based in London, specializes in North Africa and the Middle East. He contributed this column to the International Herald Tribune.

China: Poppy-Knows-Best Isn't Argument Enough

By Richard Cohen

WASHINGTON — George Bush has long shown a certain triumphalism toward China, ignoring its human rights abuses until forced by Congress to take notice. Now he wants to give China the best break possible on trade, saying this is the moral course. Tell that to the families of the victims of the Beijing massacre.

The president reiterated what amounts to his China policy in a commencement address at Yale University. Some of his speech was sophisticated and reasonable. He warned against American "self-righteousness," which is indeed a characteristic of the nation, and said he was trying "to chart a moral course through a world of lesser evils." Yes, indeed. But what about greater evils?

Surely, China fits nicely into the latter category. Its prison system holds about 20 million people, many of them incarcerated for political reasons. The Chinese gulag, much like the Soviet one of old, is a vast industrial empire. It makes some of the goods exported to the West. And China's national economy, for the most part, remains rigidly centralized — precisely what the "most favored nation" law says should not be favored in any way.

What is worse is the "trust me" quality to the president's address — a promise that he, the old China hand, will be able to strike the perfect balance between the carrot and the stick.

But he has earned no such trust when it comes to China. Instead, he has proven himself to be deviant and secretive in his relations with Beijing, treating it far less harshly than he has the Soviet Union.

When Congress threatened, after the massacre, to extend the visas of Chinese students in the United States by legislation, Mr. Bush protested. He would do it by executive order, he said. Not only did he not do so, but the White House denied that the promise had ever been made. It was only after Senator Connie Mack, Republican of Florida, produced a letter from the president containing the words "executive order," that the White House did what it said it would do.

In deciding how and under what circumstances to aid China and the

Soviet Union, President Bush has no easy choices. But the Soviet Union is led by Mikhail Gorbachev — a hesitant reformer, but a reformer nonetheless.

True, it would not be wise to isolate China. Trading is inherently a liberalizing process. When goods are exchanged, so too are ideas. A balance must be struck — trade but not as a favored nation.

China brings out the Poppy-knows-best instincts in the president. As a former chief liaison officer to China, he fashions himself to be an expert. He will brook no congressional interference. But on a score of issues, ranging from human rights to nuclear nonproliferation, China remains a rogue state, totally undeserving of "most favored nation" status.

That is a carrot Mr. Bush should make China earn. If there are such things as "lesser evils," one of them surely is to do nothing about the greater ones.

Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Count Down, Out

BRUSSELS — The Queen of the Belgians went to the "Wild West Show" this afternoon (May 31). There was an immense crowd in attendance at the camp. The Count du Monceau, reputed the best gentleman-rider in Belgium, went to the camp in fulfillment of a wager he had made to ride the wildest of the horses in the show. The tamest of the cowboys' broncos was brought to him. For twenty minutes he vainly endeavored to catch the horse. At last he got half-way up the saddle, when he was violently thrown to the ground, and he had to pay his bet of \$1,000.

1916: Alas for Germany!

NEW YORK — President Wilson has dropped another bombshell in the German camp. Alas for Germany! His speech at the Peace League meeting has shattered every German hope. Peace, said Mr. Wilson, must end the world of all danger from ag-

The General Scratches His Head

By Stephen Rosenfeld

WASHINGTON — General Colin Powell, America's celebrated military commander, has uttered one of those indiscreet and illuminating truths that would have put him in the doghouse if he were not General Colin Powell, America's celebrated military commander.

Asked by my colleague Don Oberdorfer (HIT, May 20) to explain the new American post-Cold War strategy, he said: "You've got to step aside from the context we've been using for the past 40 years, that you base [military planning] against a specific threat. We no longer have the luxury of having a threat to plan for. What we plan for is that we're a superpower. We are the major player on the world stage, with responsibilities around the world, with interests around the world."

And would that make him more or less likely for U.S. forces to go into battle? "Haven't the foggiest," said the cheerfully candid chairman of the Joint Chiefs of Staff. "I don't know. That's the whole point. We don't know like we used to know."

By every indication, General Powell is going to get away easily with an admission that, coming at a less belated moment and from a less popular official, would have provoked rumbles of alarm and indignation over the Pentagon's proclamation of an individualistic, improvisational, anything-goes global strategy. In claiming a free hand to intervene just about anywhere at any time on the basis that "we're a superpower," he was making a virtue out of the global unilateralism that not so many years ago was regarded by many as a telling weakness of U.S. policy.

But now, in Pentagon thinking anyway, the claim of a free hand is put forward as evidence of enlightened, Gulf-earned readiness to do battle whenever and wherever the U.S. government thinks it is right.

It is not simply that General Powell throws up his hands at the thought — the entirely reasonable and necessary thought — of stating standards for intervention. Ask any, and, stating the obvious, for consideration of the desirability of consulting allies or cooperating with others on common international concerns. His evident premise is that with the Soviet threat in the past the United States can deal with assorted unelaborated "regional contingencies" pretty much on its own.

General Powell is of the post-Cold War school, of which George Bush is the political leader and Charles Krauthammer the provocative theorist, that focuses most on those international problems to which U.S. intervention is the preferred solution.

You could say this is the understandable result of the American triumph in the Iraq war. Such a triumph, in fact, of arms, convincing the simultaneous march of ideological self-determination of America's traditional Cold War foe, could hardly have failed to stir not only patriotism but satisfaction, in policy circles, at being freed from post-Vietnam restraints on the exercise of power.

Nor would I argue that General Powell is signaling a vast surge of reckless American interventionism. Plenty of substantial restraints exist, not least, as one can plainly see in the inner Pentagon deliberations recounted in Bob Woodward's book "The Commanders," self-imposed restraints arising from the sense and caution of senior officers themselves.

Nonetheless, it seems imprudent on a long-term basis to conduct a foreign and defense policy based on the premise that military intervention on American terms is the soul of a new world order. This formulation leaves too many other international problems untreated and too many other international players unconsoled. It addresses one task of policy, but ignores the dramatic and necessary task of deterring and confronting aggression — and it does so in a way that bypasses the considerations of Saddam Hussein's evil and isolation that made the Gulf war mique.

General Powell can perhaps be forgiven for picking up on the post-Gulf war glow. But a time will come when he will be asked to spell out the rationale for the forces and deployments that the Pentagon has in mind.

"Haven't the foggiest," such amiable evasiveness, as reflected for instance in NATO's new military reorganization, has two large potential defects. It does not provide adequate assurance that the United States will have the forces it needs for the contingencies it should be prepared to face. It will be a weak response to the budget cutters' cry for recovery from the Gulf giddiness that seems to have touched the otherwise hard-headed and pragmatic Colin Powell.

The Washington Post.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1988-1992

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUBNER, Publisher

JOHN VINOCUR, Executive Editor • WALTER WELLS, News Editor • SAMUEL ABT, KATHERINE KNORR
and CHARLES MITCHELLMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor

ROBERT J. DONAHUE, Editor of the Editorial Page • REGINALD DALE, Economic and Financial Editor

RENE BONJOUR, Deputy Publisher • RICHARD H. MORGAN, Associate Publisher

FRANÇOIS DESMAISONS, Associate Director • JUANITA L. CASPARI, Advertising Sales Director •
ROBERT PARRIE, Circulation Director, Europe

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la publication: Richard D. Simmons

Editor for Asia: Michael Richardson, 3 Canterbury Rd., Singapore 0511. Tel: 474-7768. Telex: RSS028
Hong Kong: Dr. Ann, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647

Gallo Is Firm on AIDS Virus

That French Made Discovery Changes Nothing, He Says

Dr. Robert C. Gallo said in an interview broadcast Friday that his acknowledgment that the AIDS virus he discovered in 1984 originally came from the Pasteur Institute in Paris changed nothing, either scientifically or commercially.

Dr. Gallo acknowledged in the British science journal *Nature* on Thursday that the virus was sent to him in 1983 by a team headed by Dr. Luc Montagnier of the Pasteur Institute.

In the interview broadcast by a French radio station, he said the only new development was the discovery that the virus first identified as causing AIDS came from a French patient identified as LAI rather than from another patient, BRU, as had been thought.

He said that the virus now known as HIV-LAI contaminated a sample of HIV-BRU in a French laboratory, which later was sent to his laboratory in Bethesda, Maryland. There, it contaminated samples taken from AIDS patients in the United States.

According to Dr. Gallo, this accounts for the fact that the virus he discovered, and named HTLV-IIIb, is the same as the virus the French called HIV-BRU.

Dr. Gallo said that "it was clear that that virus from Mr. LAI, if the data is correct, contaminated a number of cultures in a number of laboratories because it grew well with T-cells."

"So therefore," he said, "I stated in the *Nature* paper that it is probable that it could also have contaminated our laboratory. But it doesn't matter, it doesn't change history."

Dr. Gallo said that although Dr. Montagnier published the first sequencing of the virus in 1983, he did not know it was the cause of AIDS, he could not culture the virus correctly and he was not able to develop a blood test for AIDS.

Dr. Gallo said it was "preposterous" for anyone to suggest changing the 1987 French-U.S. agreement splitting royalties on the discovery between the Pasteur Institute and the National Institutes of Health. "The blood test predominantly came from this lab," he said, "and that's what the patent is for and that's part of the agreement."

Dr. Gallo accused John Creighton, a Chicago Tribune reporter who has questioned his claim to the discovery, of trying "to make some kind of fame for himself in the media by having it appear that it would come out that there would be more money going through the patent to the Pasteur Institute."

"This is outrageous," he said. "It's a manipulation." The Pasteur Institute said Thursday that it was not challenging the agreement. It could not be ascertained when the interview was given. Dr. Gallo was not available for comment Friday.

"Everyone knows what our contributions were," Dr. Gallo said in the interview. "We had the idea to look for a retrovirus in AIDS. We gave the technology for growing T-cells. We proved to the scientific world that HIV was the cause of AIDS."

He added: "Science is a moving phenomena. Contributions are continuous. Montagnier published the right virus first in 1983, no question about that — after we proved it was the right virus."



GETTING A LIFT IN PARIS STRIKE — Passengers helping a woman board a scarce Paris bus during a 24-hour transit strike Friday. Hundreds of thousands of commuters walked or sought cabs as 11 of 13 Métro lines were shut and bus service was cut 75 percent. Many drove, snarling traffic.

WALESA: President Concedes It's Time to Accelerate

(Continued from page 1)

"It's good to have a good neighbor, someone you can borrow a half-liter of vodka from. It's bad to have a poor neighbor who comes with an ax and steals things."

The parable provided a shorthand version of Mr. Walesa's carefully nuanced approach to relations with Moscow, a policy that has won him praise even from many critics.

After the Soviet crackdown on Lithuania earlier this year, when President Vladimir Lukin of Czechoslovakia pushed his colleagues in the region to issue tough statements of condemnation, Mr. Walesa demurred, saying it was unwise to push the "bear" too hard.

Ending the links to Moscow is among the most nettlesome of foreign policy issues facing Mr. Walesa. The Soviet Union has insisted on keeping its troops in Poland through 1993, longer than they are to stay in Czechoslovakia, Hungary and far longer than anyone here is willing to accept.

Mr. Walesa ordered the 23 direct telephone lines between the Soviet Embassy and the presidential palace ripped out shortly after his inauguration.

Publicly, he prods the Soviets, but is realistic about the limits of Poland's leverage. "This is a nuclear power, and no forces are capable of threatening it, pushing it away, or chasing it away," he said in a recent interview.

Toward the end of his meeting with the émigré Poles, Mr. Walesa made it plain that he favors greater powers for the presidency than merely to appoint and dismiss prime ministers, the main function under present law.

Next, he moved on to a meeting with those charged with carrying out the economic program and some of their critics. He spelled out what was troubling him.

"I've promised acceleration," he said as he opened the session. "I've promised a Poland of chances for everyone. We have the matter of the stagnation in production. There are the matters of peasants. There is a problem of social policy which should be just, but also good enough for the government's cash box. The situation may become dramatic. I know the government has the best of intentions. I have full trust in it. It should be helped, reform should be helped."

The meeting had been promoted by supporters from his presidential campaign, and some on his staff, who want radical changes in the economic program, beginning with the ouster of its architect, Finance Minister Leszek Balcerowicz.

Mr. Walesa's aides say that the president has no intention of dismissing Mr. Balcerowicz, who has won the respect of international financial organizations. Still, the president insisted that Mr. Balcerowicz and other senior government officials hear opposing views.

Mr. Walesa's aides insist that he is committed to sweeping away the vestiges of central control, but some of his offhand remarks have aroused concern about how far he might be willing to go to appease public opinion.

Some of these point to the time earlier this year when Mr. Walesa told a national radio audience that aspects of his government's program were a "scandal" and urged that prices be cut "50 percent, or even 100 percent."

At his meeting with Poles from abroad, he tilted the other way: "Walesa acts a lot; he is like an actor, but he does it, even with pain. It may hurt, but we have to do it."

Stefan Kisilewski, a leading political commentator, said: "Walesa acts a lot; he is like an actor, but he understands his role without words. The majority of the nation still counts on him. He covers the unpopularity of the Balcerowicz plan. Balcerowicz does the things that are necessary, but unpopular, and Walesa covers it."

As the arguments among the economists raged on, Mr. Walesa ducked out of the palace for a quick trip to Poland's annual international book fair. He drew a big crowd of people hoping he would autograph copies of his autobiography.

After returning to the palace, he met separately with delegations of legislators from South Korea and Nicaragua, sketching out for them what Poland was facing as it sought to close inefficient government-owned companies and foster the growth of a market economy.

He gave the Koreans a short course on political economy:

"Many plants and enterprises in our system were constructed for political reasons. Today, the simplest thing is to close down the factory and lay off people. Society understands this, but it says, 'Stop.' It says, 'Wait a minute, you don't have to fire people, to close that plant.' I've said myself that we should not have unemployment."

Mr. Walesa was elected after a bruising campaign last year in which he was strongly opposed by many of his old allies from Solidarity's corps of intellectuals who said they feared what they believed were his dictatorial tendencies.

Those fears have proved groundless. When the parliament rebuffed his demand for elections this spring, he took the defeat in stride and disassociated himself from aides who wanted to force the legislature to resign.

"I think he's been better than I could have expected five months ago," said Ernest Skalski, a senior editor at *Gazeta Wyborcza*, a Warsaw newspaper. "Of course, he has made some mistakes. But I think he has made more useful steps than wrong ones. He isn't a dictator."

By late afternoon, the president's schedule was complete. He passed up his usual game of table tennis with his personal secretary to fly home to his wife and family, who still live in the northern city of Gdansk, where the one-time shipyard electrician first came to the attention of Poland and the world.

GERMANY: Socialists Block Kohl on Military Use

(Continued from page 1)

intervention forces for that purpose.

But it said that German forces could be deployed outside NATO's area to oversee a UN truce, as UN observers, or as part of UN peace-keeping missions with mixed civilian and military participation.

Björn Engholm, who was elected new party leader on Wednesday, proposed that formula as a compromise to appease delegates who sought a broader German role and radical pacifists who wanted even narrower limits on the use of Germany's troops.

The decision was denounced by Mr. Kohl's supporters. Volker Rühe, executive secretary of the chancellor's Christian Democratic Party, declared that "under cover of their love for peace, the Social

Democrats have irresponsibly isolated themselves not only in Europe, but in the entire world."

The resolution was also condemned by the Free Democrats, the junior partners in Mr. Kohl's coalition, who have grown steadily messier as the chancellor's popularity plummeted against the backdrop of growing economic dislocation in the east, fomenting speculation they might consider shifting their loyalty to the Social Democrats.

Otto Lamsdorff, the Free Democratic chairman, said the decision showed that the Social Democrats were incapable of bearing responsibility within Europe and NATO, and thus also "incapable of governing" in Germany.

Mr. Kohl has not made clear what his reaction would be to a

some of his supporters and advisers. Social Democratic rejection of the plan for wider deployment, though begun to argue that a two-thirds majority in the legislature may not be required under the constitution to allow the government to send forces abroad.

The party conference comes at a time when the Social Democrats, despite impressive victories in recent local elections, are deeply split over the question of united Germany's future world role.

For many Germans, the question of a broader or narrower role is encapsulated in the agonizing decision of whether to locate the future seat of the national government in Bonn or Berlin, and perhaps not surprisingly the delegates voted in favor of keeping it in Bonn, though they recommended putting the question ultimately to a national referendum.

Bank Invites Gorbachev to London

Called by Our Staff From Dispatches

LONDON — Jacques Attali, president of the European Bank for Reconstruction and Development, has invited President Mikhail S. Gorbachev to London for a bank meeting, preferably in July, the bank said Friday.

But a bank spokesman refused to comment on whether Mr. Attali wanted Mr. Gorbachev's visit to coincide with a Group of Seven economic summit meeting to be held in London from July 15 to 17.

Mr. Attali, a former top aide of President François Mitterrand of France, helped set the agenda of past G-7 conferences and may be forcing the issue by sending Mr. Gorbachev an invitation to the bank meeting and suggesting he might like to be in London in July.

There was no immediate response from the Soviet leader.

In Washington, Martin Fitzwater, the White House spokesman, said he had no reaction to the Attali invitation.

The G-7, which groups Britain,

the United States, Japan, Germany, France, Italy and Canada, is divided over whether Mr. Gorbachev should be invited to their meeting.

Western monetary officials say Mr. Attali has been urging the G-7 nations to help the Soviet Union. The European Bank for Recon-

struction and Development has announced that it will advise the Moscow city council on privatizing services.

The Soviet Union is a member of the bank, but is limited for three years to borrowing the amount of funds it contributes to the institution. (AP, AP, Reuters)



The International Herald Tribune and Hilton International combine two great offers to bring you one incredible deal.

You couldn't pick a better time to begin reading the International Herald Tribune every day. Because from now until August 31, 1991, when you subscribe to the IHT, you'll be getting the world's most comprehensive global newspaper at a savings of up to 45% off the newsstand price. That means a bonus of up to 52 free issues!

And the value gets better. Along with your IHT subscription, you'll receive a special "2 for 1" weekend offer at a luxurious Hilton hotel to be enjoyed in any one of over 20 exciting cities in Europe as well as Istanbul, Cairo and Ankara.

With this offer, two guests can spend two weekend nights at the Hilton of their choice for the price of a single night.

Plus a free full American or continental breakfast and other special amenities. And of course, a daily complimentary copy of the IHT is always available at Hilton hotels.

This offer is available to all IHT readers, so send in your coupon today and discover Europe with the Hilton and the IHT — at incredible savings.

Herald Tribune. Hilton

The offer expires August 31, 1991, and is available to new subscribers only.

CIA Chief Says Soviets Fear Atomic Arms Theft

By George Lardner Jr.

Washington Post Service

WASHINGTON — The Soviet authorities are becoming less confident about keeping their nuclear weapons out of "unfriendly hands" as the country stands on the edge of dismemberment, according to William H. Webster, who is retiring as director of central intelligence.

Mr. Webster said at a farewell news conference he did not think there was imminent danger.

But he added that Soviet officials had been taking steps to tighten controls over nuclear missiles, preparing to move them if necessary, and making sure that any attempt at an unauthorized launch would not be successful.

The CIA chief, who is returning to law practice, said Thursday that Soviet officials in the past had "a pretty high level of confidence" that their missile sites and the cryptographic systems for firing the missiles were secure.

Now, he said, they are paying attention to this in ways that would

suggest they are not so confident that "everything can stay in place and nothing will present a threat." He did not elaborate.

U.S. intelligence, he went on, will have to pay attention to this "as the central government loses its control on the ground in areas where different political views obtain, where there is more ethnic violence and rivalry, where those sites could become part of the process."

Last September, General Mikhail A. Moiseyev, the chief of staff, said some warheads had been moved from troubled areas.

The Defense Ministry said later that no redeployment had actually taken place.

In his farewell remarks, a tradition by departing intelligence chiefs, Mr. Webster voiced concern whether President Mikhail S. Gorbachev would be able to hold the Soviet Union together as ethnic disputes worsened and the economic situation became more desperate.

Estimates on Soviet Aid

Reuters

MOSCOW — Soviet officials say they will need \$30 billion to \$50 billion in foreign finance a year over the next five to six years if Moscow's economic transformation program is to succeed, International Monetary Fund sources said Friday.

A Soviet official, Ivan Rumyantsev, said he could not confirm the exact figures but added that they sounded more or less correct.

A close aide to President Mikhail S. Gorbachev, Yevgeni M. Primakov, told the managing director of

the International Monetary Fund, Michel Camdessus, earlier this week of the size of the aid needed, the sources said.

Mr. Rumyantsev said the Soviet envoy did not make any specific request for aid when he talked with President George Bush and Secretary of State James A. Baker 3d.

But the Soviet Embassy spokesman said that specific aid numbers were contained in a program being drawn up by Grigori A. Yavlinsky, an economist who accompanied Mr. Primakov to Washington.

The size of the estimates startled some financial experts.

SOVIET: U.S. in a Bind on Aid

(Continued from page 1)

money. In an interview before his retirement as director of Central Intelligence, William H. Webster said Friday that he saw little to suggest that Mr. Gorbachev could stem a tide of economic and political crises threatening his presidency and that his hold on power was "increasingly uncertain."

Although stressing that he was not predicting Mr. Gorbachev's removal from office, Mr. Webster said that the Soviet leader's program for change appeared to be in shambles and that he believed it possible that republics would begin leaving the union by the end of the year.

Having said all this, American officials are aware that without Western help and advice Mr. Gorbachev is not likely to take the plunge — a plunge that is in the

Western interest since it could mean a more politically open, pluralistic and economically free Soviet Union. Yet, the administration seems paralyzed to act on this fact.

"The administration says morning, noon and night, 'No money without reform first,'" said Professor Jeffrey Sachs, a Harvard University economist working with Mr. Yavlinsky.

"I totally agree with that position," he said. "So does Yavlinsky. But what we are trying to push for is a clear-cut American commitment of 'Yes, money with radical economic and political reform.' That is all I would like to hear the administration say, and I have not heard it yet. What are we ready to do and under what conditions? That is the real question and the administration has been avoiding it."

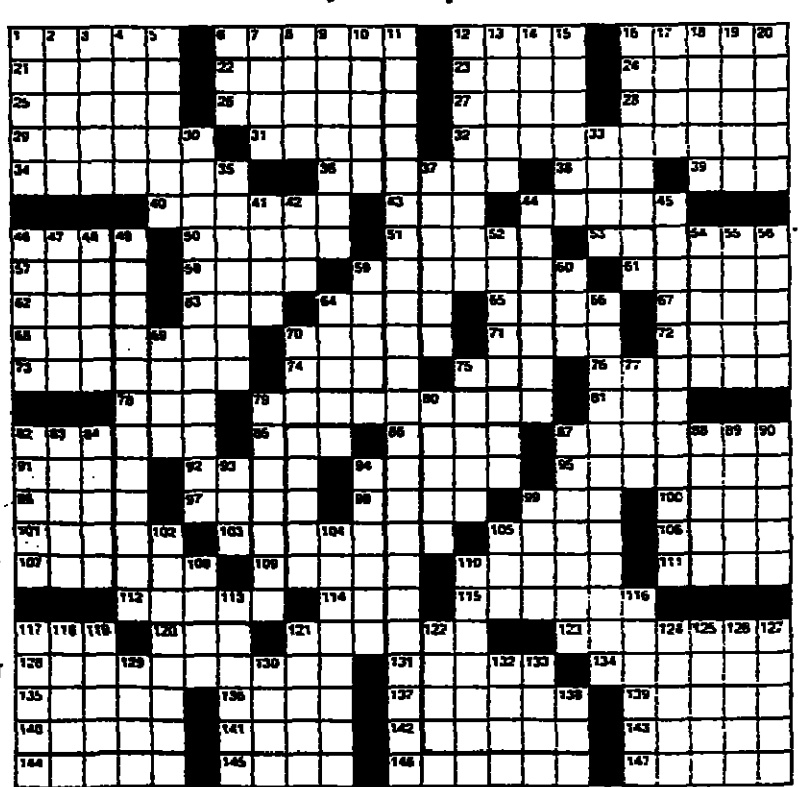
ACROSS

- French landscape
- Start of most of a passage by 66
- Langsyne
- Kind of boat or train
- Andean animal
- Author Fallaci
- Not fooled by
- TV role for Sharon Gless
- Stand-in for Standish
- Bay west of Myanmar
- Word on a coin
- Four Holy Roman emperors
- Yellowish brown pigment
- 1971 film
- Entrance to 128
- Across
- Refractive
- Income from a tenant
- Que neighbor
- Ethiopian prince
- Alpine track
- Tunic
- Second passage: Part VI
- Pretz with cybers
- Aussie's warning cry
- "On — Boat to China"
- G. & S. character
- Way out
- O'Neill trees
- Hexapods
- Blue shoe material
- Leopold
- First U.N. Secretary General
- Pakistani language
- Scintilla or sp. II
- Baust
- Humdrum
- Humiliate
- Hero of a 1927 play
- River at Leeds
- Maestri
- Anytime suffix
- Tortoise

DOWN

- Skirmish
- Partner of Stan
- Writer Dostoev
- Rest
- Straws in the wind
- Like beachcombers or surfers
- Criminal coterie
- Provokes
- The Mists or the Mists
- With enthusiasm
- Café au —
- St. Pierre and
- Lesser
- Child-advocacy org.
- Tall
- 101 Les — Unit
- 163 Chaucer
- 1971 film
- 166 A.U.S. Open champ: 1968
- 167 Strait of Dover
- 168 Radicals on a tent
- 169 Web-footed
- 170 Half a tetrad
- 171 Second passage: Part II
- 172 Home of Johnny Reb
- 173 D.C. suburb
- 174 Hoppy drink
- 175 Allen belt
- 176 Voltaire's forte
- 177 War of Henry II
- 178 Locale featured in this puzzle
- 179 Of a former Venetian ruler
- 180 Name in "The Raven"
- 181 Verve
- 182 Others, to Ovid
- 183 Autograph
- 184 Admiral Andrea —
- 185 Rude
- 186 Musical epilogue
- 187 Regatta site
- 188 Sadist
- 189 Hated and
- 190 Earl of Aves
- 191 End of first passage
- 192 Shave unit

Wondrous Maze By Timothy S. Lewis

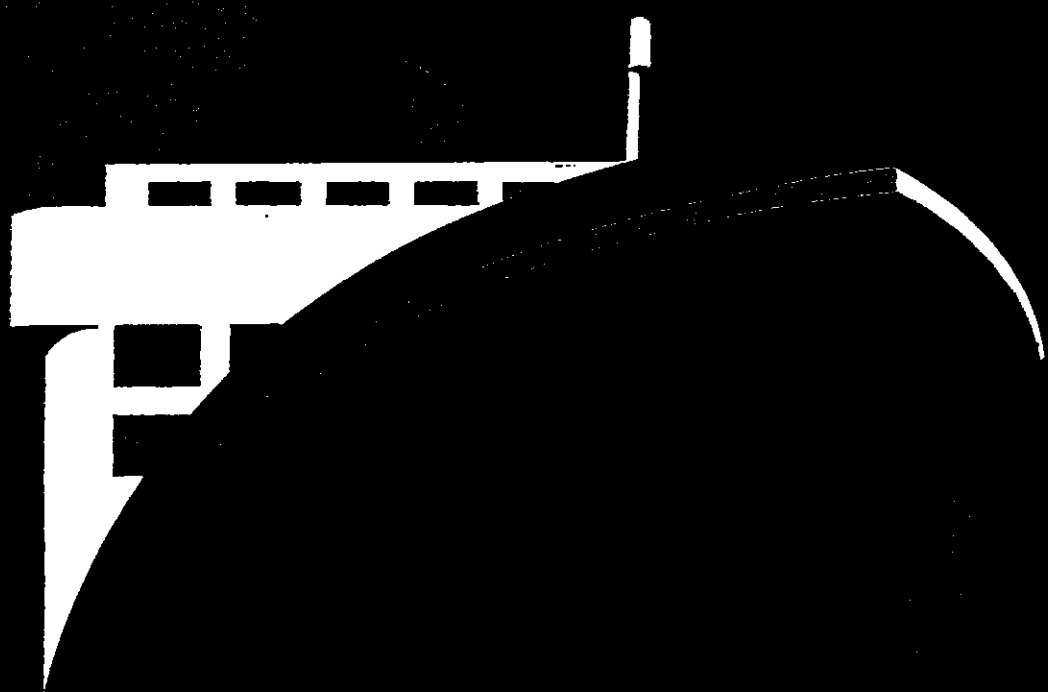


© New York Times, edited by Eugene Malachuk.

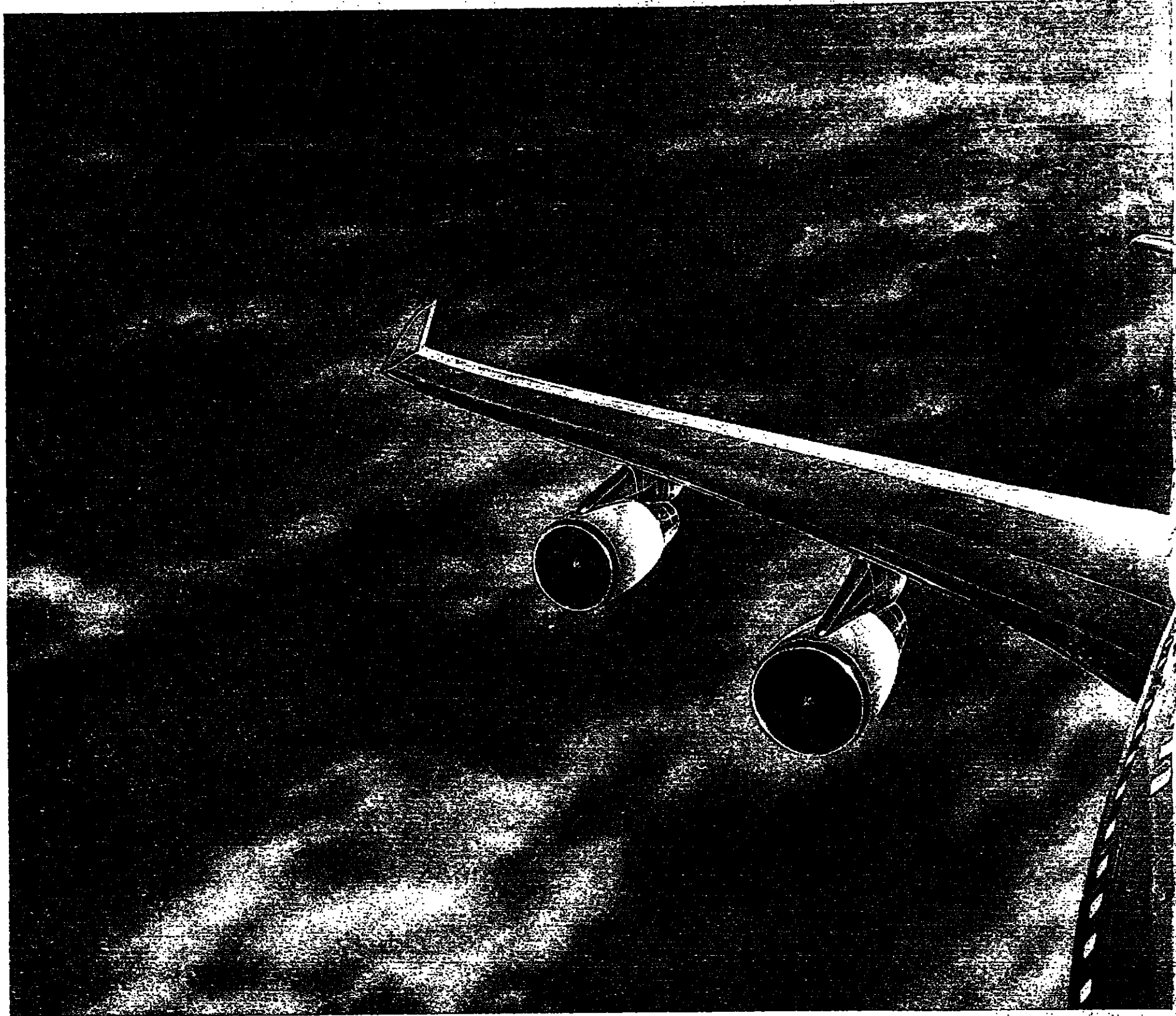
Solution to Last Week's Puzzle

1 French landscape	102 Like some mirrors
2 Start of most of a passage by 66	104 Rustic
3 Langsyne	105 Tpt. or hwy.
4 Kind of boat or train	106 Dueling trophy
5 Andean animal	107 Mimi-family member
6 Author Fallaci	108 Indigent one
7 Not fooled by	109 Covered with water
8 TV role for Sharon Gless	110 Liza's sister
9 Stand-in for Standish	111 Furnish funds for
10 Bay west of Myanmar	112 Stylish sarcasm
11 Word on a coin	113 Composer Ned
12 Four Holy Roman emperors	114 Battery terminal
13 Yellowish brown pigment	115 Engraver Gustave
14 1971 film	116 Land owned absolutely
15 Entrance to 128	
16 Across	
17 Refractive	
18 Income from a tenant	
19 Que neighbor	
20 Ethiopian prince	
21 Alpine track	
22 Tunic	
23 Second passage: Part VI	
24 Pretz with cybers	
25 Aussie's warning cry	
26 "On — Boat to China"	
27 G. & S. character	
28 Way out	
29 O'Neill trees	
30 Hexapods	
31 Blue shoe material	
32 Leopold	
33 First U.N. Secretary General	
34 Pakistani language	
35 Scintilla or sp. II	
36 Baust	
37 Humdrum	
38 Humiliate	
39 Hero of a 1927 play	
40 River at Leeds	
41 Maestri	
42 Anytime suffix	
43 Tortoise	

The Grand "Marine Crossing..."

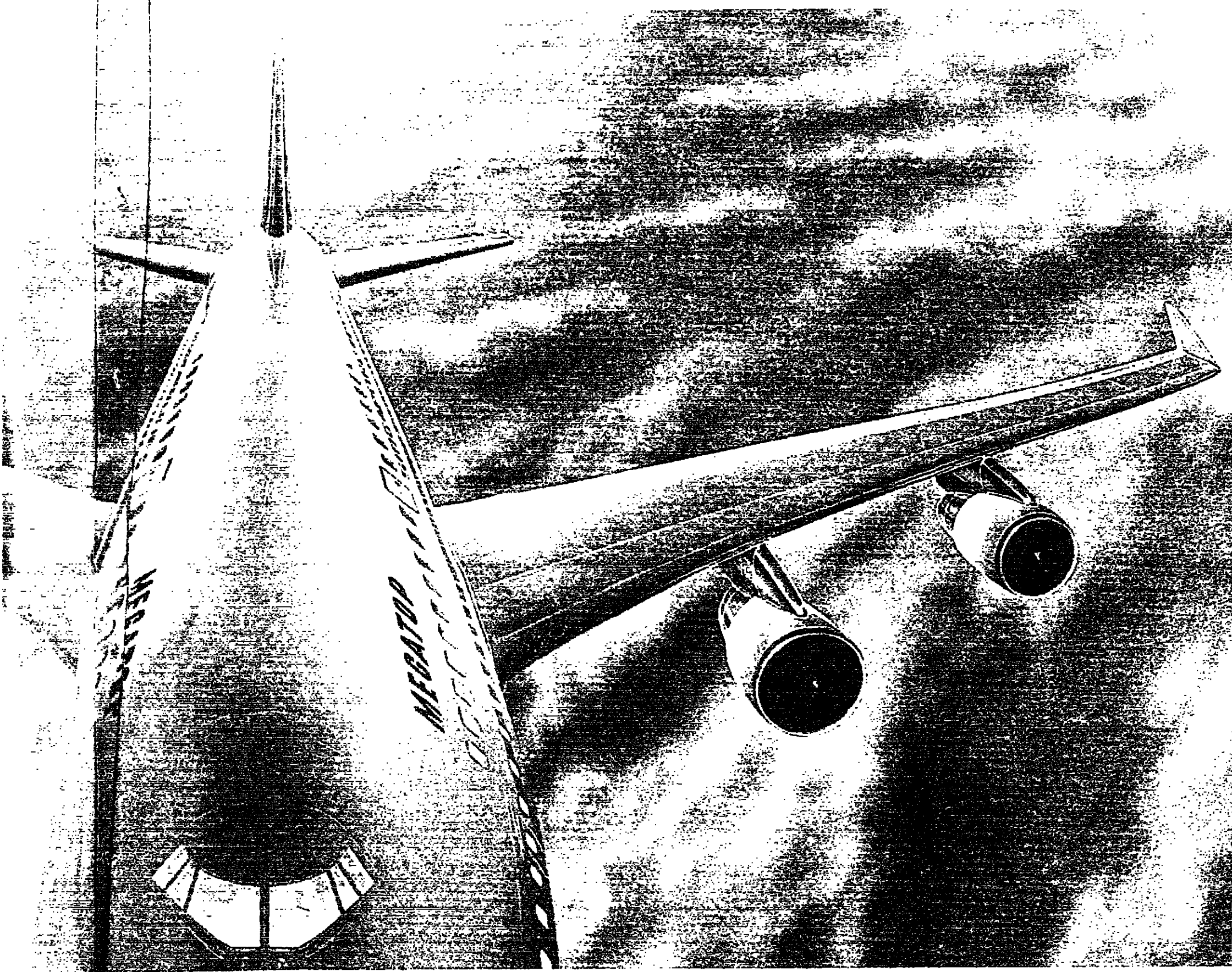


...is yours to enjoy one n



The majestic steamers of the twenties and thirties made the "Grand Atlantic Crossing" the epitome of grand travel. Today, it's Amsterdam. Crossing the Atlantic for the very first time and reviving that spirit of romance and extravagance with night service even

Once more.



over travel. Today, Singapore Airlines introduces a new service from Singapore to Toronto via Vienna and
 in flight service even other airlines talk about. Singapore Girl you're a great way to fly. **SINGAPORE AIRLINES**

A great way to fly



ADVERTISEMENT

A new line on the airline map of Singapore Airlines across the Atlantic from Singapore to Toronto marks the big step in the history of the airline that emerged from Singapore in 1972 to challenge the best on the world stage.

* Foronla is the 6th aircraft by Singapore Airlines
new intercontinental link and a bold entry by Singapore
Airlines into one of the most competitive areas of commercial
flying. This is also the only trans-Atlantic flight by a Far
East airline and the first time a slice of the air Boeing
747-400 Megajet has been used on a scheduled North-
Atlantic run. * Singapore Airlines thus makes its most
valued contribution to the colorful 100-year history that has
been man (and woman) taming the Atlantic in one way
or another. It has also brought to the Atlantic the world
standards of in-flight service for which Singapore Airlines
has become famous. * Goodbye, mother's milk!

Crossing
The
Atlantic
With
Singapore
Animes

[illegible]

1919
FIRST AIR CROSSING, BY
FLYING BOAT WITH STOPS, BY
LIEUTENANT COLONEL ALBERT
COWEN READ.

1927
FIRST SOLO FLIGHT BY
CAPTAIN CHARLES LINDBERGH

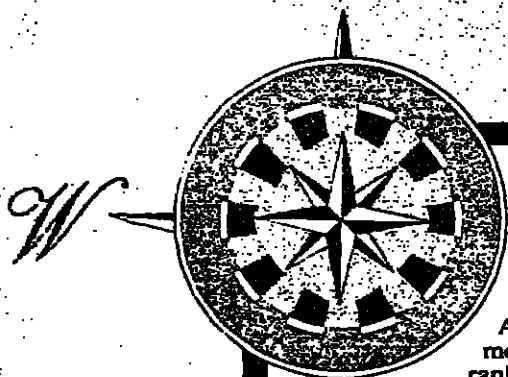
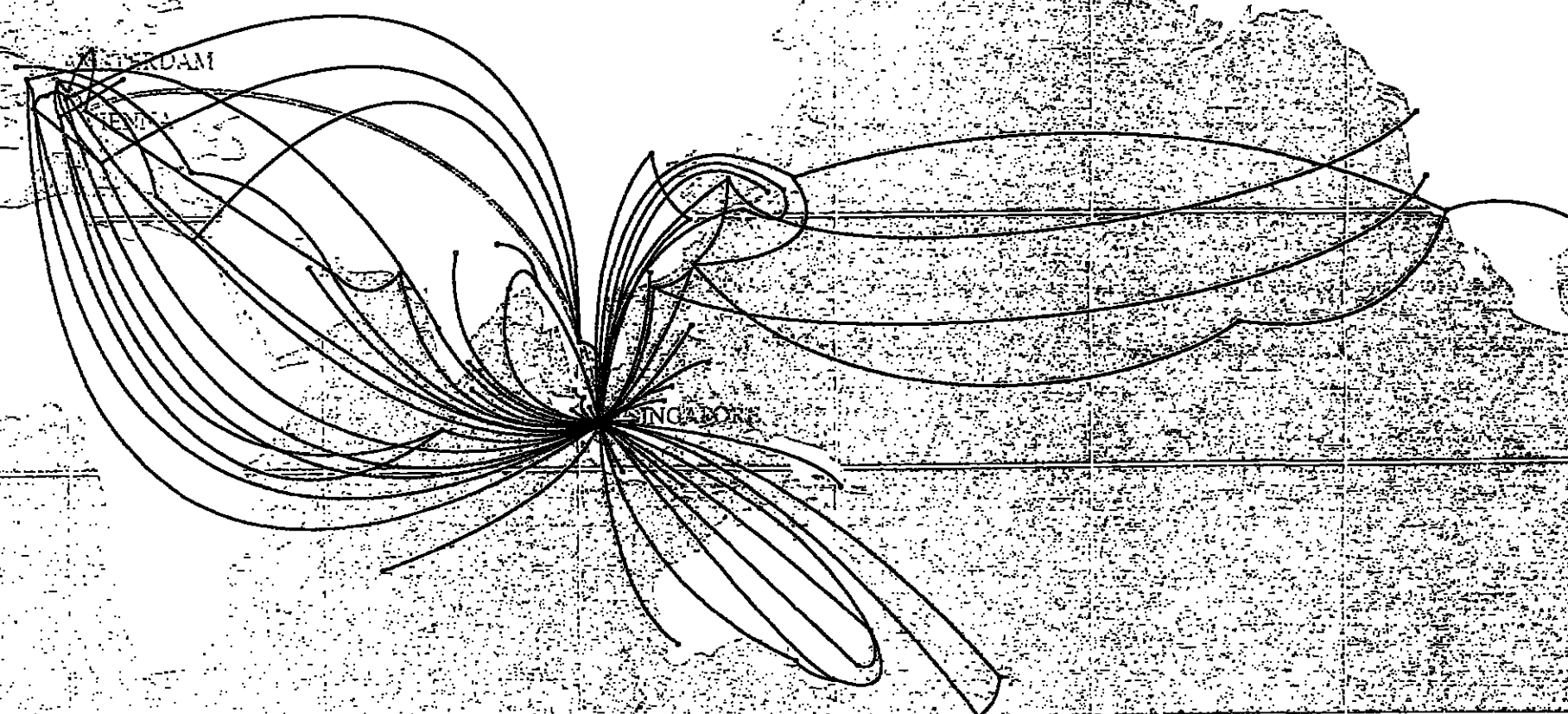
1928
FIRST SOLO FLIGHT BY A
WOMAN BY AMELIA EARHART

1974
EARNST LIGHT (1 HOUR 54
MINUTES 34 SECONDS) BY MAJOR
JAMES Y. SULLIVAN AND
VOLUME 10 F. WINDSET

1976
FIRST REGULAR SUPERSTOCK
SERVICE BY CONCORD

1978
SOLO RECORD 11 HOURS 4
MINUTES 3 SECONDS BY
CAPTAIN JOHN L. SMITH

719
FIRST NON-STOP FLIGHT BY
CAPTAIN JOHN ALCOCK AND
LIEUTENANT A. WHITTEN
BROWN



THE NEW SINGAPORE

Airlines service between Amsterdam and Toronto isn't merely a small step in the history of trans-Atlantic flight, but one of the bold moves that has lifted SIA into the ranks of the world's top carriers. Flight SQ24 is scheduled to depart Singapore every Tuesday, Friday and Saturday at 1:00 A.M. After stops in Vienna and Amsterdam, the aircraft will touch down in Toronto at 12:55 P.M. on the same day. The return flight (SQ23) departs Toronto on the same days.

More than 25 airlines now serve the trans-Atlantic route, including some of the most prestigious names in the industry. Yet Singapore Airlines is confident that it will succeed because of its modern fleet and a standard of in-flight service regularly voted best in the world.

From its inception nearly 20 years ago, Singapore Airlines has been marked by a willingness to make such bold moves, sometimes in the face of conventional wisdom. After independence in 1965, Singapore continued to be served by Malaysia-Singapore Airlines (MSA). Then, in 1972, the island republic opted for its own national carrier. Singapore Airlines was born from a division of MSA's equipment and assets. Few observers gave it any chance of survival.

The then prime minister, Lee Kuan Yew, made it clear from the very start that Singapore's national carrier would not be subsidized or run for

prestige. It had to pay its own way or be closed down.

When Singapore Airlines took to the air in 1972, it was serving a network of 22 cities in 18 countries with just over 6,000 employees. After-tax profit for that first financial year was \$15.5 million Singapore dollars (about US\$5.5 million then).

The airline quickly parlayed its skimpy earnings into international success by investing in modern aircraft and other equipment, and by emphasizing the training of technical and service personnel, as well as commitment and dedication among its staff.

In May 1978 — only the sixth year of independent operation — Singapore Airlines placed a US\$1-billion order with Boeing for new 747 and 727 aircraft. It was the single largest sale in aviation history. Other milestones followed: a US\$1.8-billion purchase of Boeing 747-300s and Airbus A310s in 1981, and a US\$1.4-billion acquisition of more of the same two aircraft types in 1983.

Another momentous event was the 1989 announcement that Singapore Airlines was joining forces with Swissair and Delta Air Lines in a long-term alliance. "We are the world's first truly global travel system, comprising three of the best airlines," SIA's managing director, Dr. Cheong Choong Kong, said at the time. The alliance created a combined network spanning all continents, with 237 destinations in 64 countries.

Further route expansion and steady financial growth led SIA to order 50 wide-bodied aircraft in

early 1990. Worth a total of US\$8.6 billion, this set another world record as the largest single order for wide-bodied aircraft. The order included 30 Boeing 747-400 MEGATOPS and 20 McDonnell Douglas MD-11s.

At present, Singapore Airlines has more than 13,000 employees. Its fleet comprises 43 aircraft (including 29 Boeing 747s and 14 Airbus 310s) and is the youngest fleet of any major international airline. The airline serves 64 cities in 37 countries far beyond the borders of tiny Singapore. SIA has also grown from a financial standpoint. After-tax profit was a record \$1.176 billion in 1990 Singapore dollars.

From the beginning, Singapore Airlines has offered the best possible passenger service. This commitment found expression in the slogan, "It's a great way to fly," and in the ad campaigns featuring the famous Singapore Girl.

Passengers have reacted accordingly. SIA was named the world's best carrier in a survey of Conde Nast Traveler magazine readers in 1988, 1989 and 1990, and it has consistently been at the top of the reader polls of the London-based Business Traveller. Most important, Intramur surveys have rated SIA tops in staff attitude and performance.

A great way to fly
SINGAPORE AIRLINES

[illegible]

MONEY

FIRST COLUMN

Hard Times And Smooth Transitions

THE great changes in the political systems of what used to be the Eastern Bloc countries are more or less effected. For better or for worse, communism is out of fashion, and the demand curve for capitalism is high.

For the developed economies and markets of the West the events in the East constitute a kind of second childhood. The Paris Bourse is born again in Moscow and Warsaw, which have modeled themselves on the French system; the West's consulting agencies and the accountants have been sweeping across Europe, treating major state-owned industries as giant start-ups.

But even if the mature markets of the West can relieve their infancy through the East, they still cannot take a vacation from their old errors. And it seems that their favorite solace is the idea of the smooth transition — a misnomer which the economists and financiers of the West have sold to themselves and are now inflicting on the fledgling markets of the East.

A smooth transition — between growth and recession, bull and bear markets, capitalism and communism — happens to be a nice idea. The fact that in the real world a smooth transition happens so rarely as to be almost classifiable as a term of fiction is irrelevant. It is an epithet which makes financial people feel comfortable, and so we will continue to hear about it, as we will continue to hear about other pleasingly palliative concepts, such as truth in advertising, painless dentistry, etc.

THE latest attempt at embracing capitalism comes from Hungary, which is in the vanguard of the Eastern Europeans. It was the first to open its stock market last summer, and is reckoned to have a relatively well-developed economy. Last week the Hungarian government announced its intention to offer a convertible bond issue. Investors buy dollar-denominated securities, which can be exchanged for shares in some of the leading privatized companies.

Convertible bonds? Yes, they are sophisticated instruments; the Hungarians have found that the only way to switch between the two systems has been to dive in at the deep end.

A financial squeeze means that Hungarian businesses commonly do not pay each other in cash. They simply transfer debts around. A creditor accepts an I.O.U. from a debtor's debtor. And because payment is being made in a form riskier than cash, the creditor requires a discount to face value — e.g. \$100 of debt for every \$70 owed. So instead of using cash, Hungarian business is running a deep discounted bond market. Not easy.

Smooth transitions in finance? Try kicking-starting a tank.

The S&P Midcap: A New Investment Medium for Stocks

By David C. Lanchner

A golden age of sorts may begin this Wednesday for mid-size companies when Standard & Poor's Corp. introduces its "Midcap Index." The performance benchmark will be the first index launched by Standard & Poor's since 1985 and will cover the roughly 20 percent of stocks that S&P says are underrepresented by current indexes like its own S&P 500 — primarily a yardstick for large stocks — and the Russell 2000 — a gauge for small stocks.

Indexes can have a tremendous impact on stock prices. To avoid being left behind by performance gauges, many professional fund managers tend to buy and sell shares that are actually in indexes or have similar characteristics.

"There is already more than \$200 billion invested in index funds designed to replicate the S&P 500," said Elliot Shurgin, S&P official in charge of the new index. "We expect to see the Midcap Index become a benchmark for performance just like the 500."

The index will monitor the performance of 300 to 500 stocks with market capitalizations ranging from \$500 million to \$2 billion. "Capitalization," an indication of company value and size, is determined by multiplying the current share price by the number of outstanding shares.

ALTHOUGH the names of the stocks in the new index will not be announced until Wednesday, the average capitalization of listed companies will be

The Best Midsized Funds

Top performing funds where the average stock has a market capitalization between \$250 million and \$1 billion, ranked on a three-year performance basis, as of April 30, 1990

Fund	1 yr.	3 yr.	5 yr.
First Pacific Growth	228.36	280.65	136.67
Twentieth Century Ultra Investors	222.35	180.03	183.55
Berger 100	210.44	182.62	128.24
Transamerica Special Emerging Growth	204.63	172.02	128.28
AI Regional	198.94	165.59	117.49
CSM Capital Development	198.94	164.15	131.49
T. Rowe Price New America Growth	153.36	181.50	128.24
Delaware Group Delcap Concept 1	152.99	160.04	119.41
Oppenheimer Global	148.22	157.06	107.71
Scudder Development	161.48	156.98	126.75

Source: Morningstar Inc.

about \$900 million. The value of the typical S&P stock is \$5 billion while the average Russell 2000 stock is capitalized at about \$49 million.

According to market professionals there are several reasons why stocks in medium-size companies should have strong appeal for investors. Performance numbers show that these stocks can be much less volatile than small companies but can still share their often exceptional growth characteristics. Stocks in ANB Investment Management's Midcap Fund — a portfolio for large institutional investors — have outperformed big stock indexes by roughly 26 percent since January.

Although small stocks have beaten major indexes by 97 percent in the same period, they have produced greater losses for investors during times when so-called "growth investing" has been out of style. During the last three years, a period in which investors

avored large, blue-chip shares, small stock indexes underperformed the S&P 500 by about 60 percent. ANB's mid-size stocks underperformed by a considerably smaller 25 percent.

Proponents of mid-size shares say they offer a kind of golden medium between the

'Mid-size stocks are safer than small stocks but not as conservative as big caps.'

Dennis von Waden of Twentieth Century Ultra Fund.

steady but often bland returns provided by the stocks of large, mature companies, and the riskier but potentially spicier returns of

Midcap: The Golden Mean

Appreciation	S&P 500	Midcap Fund	Russell 2000
5 yr.	89.07	59.60	25.84
3 yr.	59.60	44.15	24.16
Year to date	14.88	18.79	29.40
Price/stock	\$42.40	\$26.21	\$12.35
Capitalization	500.60	933	80.4
Average Performance of ANB Investments			
Midcap Fund			

Source: Morningstar Inc.

shares in small, growing companies. The beauty of these shares is "they are less risky than small stocks but not as conservative as big caps," said Dennis von Waden, a portfolio manager at Twentieth Century Ultra Fund. Mr. von Waden's fund has been singled out by Morningstar Inc. of Chicago, a mutual fund data service, for its ability to squeeze large returns out of fairly low-risk, mid-size stocks.

Another plus for mid-size shares is the sustained interest they can generate from professional managers. Small stocks are often neglected "because they are just too tiny to make an impact on a large portfolio," said Eric Ryback, portfolio manager of the Lindner Fund Inc., another portfolio noted for its attractive risk/reward ratio.

"Ten years ago our focus was on smaller stocks but as our fund grew, we found ourselves shifting emphasis to mid-size stocks. The same tendency has been true for the

entire money management industry," Mr. Ryback said. The growing size of pension and mutual funds partly explains the sluggish performance of small stocks in recent years, many professionals say.

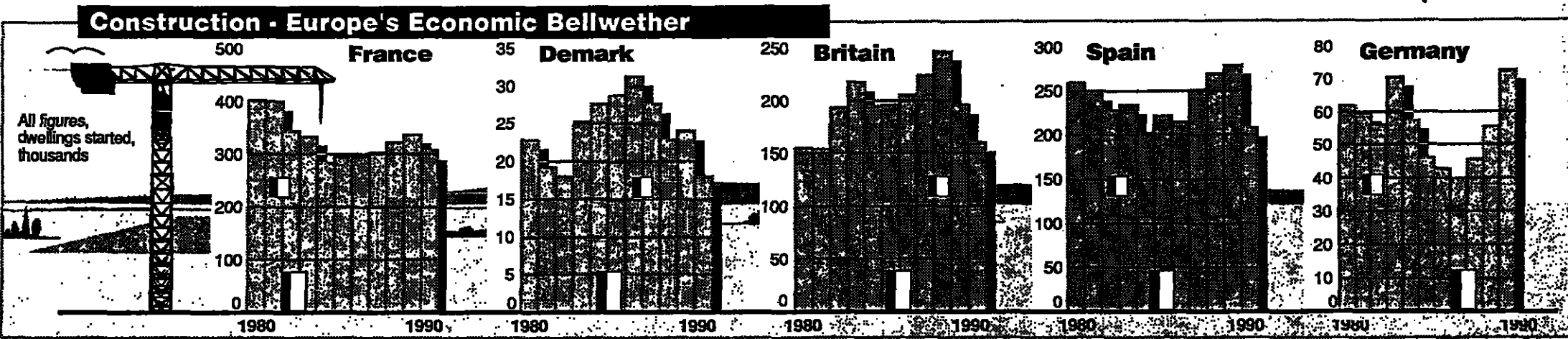
THE success of new indexes is by no means guaranteed — S&P's last index, the small stock "OTC 250," was recently discontinued for lack of interest. Nevertheless, the trend toward investment in mid-size companies has many convinced that the new index will take off.

"This is definitely coming out at an auspicious time," said Michael Metz, chief stock market strategist at Oppenheimer & Co. in New York.

"The OTC 250 had to compete against better known small stock indexes like the Russell 2000 but there is no midcap index," which improves the chances for this benchmark, Mr. Shurgin said.

Ideally, the index will spark new investment in the sector through such derivative products as well as through funds designed to shadow the benchmark's performance.

Two mid-size stocks currently favored by money managers are Varsity Corp. and United Healthcare. Varsity is an auto-parts and diesel engine manufacturer as well as the world's largest distributor of tractors. United Healthcare is a nursing home and group medical plan operator that has seen earnings double in each of the past two years. The stock sells at a steep price of about 30 times annual earnings but profits could easily double again this year, Mr. von Waden said. Varsity Corp. sells for only five times earnings and can expect a boost if overall economic growth speeds up, Mr. Ryback said.



Europe's Builders Bear Brunt of a Deepening Economic Slowdown

By Susana Antunes

THE construction industry is often a good indicator of a nation's economic health, arguably the most important factor for investors in trying to assess the long-term prospects of a stock market. The industry is certainly a

bellwether in Europe today, and the message it carries is increasingly a gloomy one.

In Britain and parts of Scandinavia, the construction sector is reeling from the impact of deep economic recessions. In France and Italy, the industry is stagnating along with the broad economy. The only significant growth areas are Germany and Spain. But even here, the boom has slowed notice-

ably and the main engine of growth is shifting away from residential and commercial building and toward infrastructure projects, like new roads and rail lines.

Nowhere has the building slowdown been worse than in Britain, where it has developed into a full-blown recession. Last year saw growth slow to a crawl and a decline of perhaps as much as 4 percent is expected in 1991, as previously commissioned contracts come to an end and few new orders arrive to take their place. The slump has already forced hundreds of smaller companies that borrowed heavily to finance expansion into bankruptcy. It also has caught out some higher profile companies, such as Rush & Tompkins Group PLC, one of Britain's largest property developers that went into receivership last year.

Tad Phillips, a construction analyst with Nikko Securities, thinks the downturn in Britain has been compounded by two factors. Interest rates rose to far higher levels than elsewhere in Europe, strangling the housing market, while on the commercial front, a glut of property on the market has combined with lower demand to depress activity. He believes that next year will see a gentle recovery, but only after the overhang of unsold property on the market is cleared.

In France, construction output is expected to rise by less than 1 percent this year, against an average growth rate of 5 1/2 percent over the past five years. Growth in new housing has been falling since the beginning of last year, although a buoyant commercial sector has kept the industry going. Charles Allen, construction analyst at County Natwest in London, forecasts flat growth in France this year but believes it will rebound thereafter.

In Italy, growth has all but stagnated. Even Spain, which has proved to be Europe's most buoyant construction market, saw new housing starts slump by 20 percent last year, although infrastructure-related building is still booming. Germany too is forecast to experience a slowdown from 5 percent growth in 1990 to around 3.5 percent this year.

Infrastructure spending is proving far more resilient. Martin March of investment bankers Salomon Brothers said, "The '80s were really all about building expansion, but the '90s will be the decade of civil engineering." He believes 1992 has focused many governmental minds on the need to improve

communications across the Continent, providing a welcome boost to the sector.

Spain has embarked on an ambitious new road-and-rail network program, with the help of EC aid, which will provide a lot of work at least until the mid-1990s. Louis Phillips, an analyst in the Madrid office of stockbrokers Barclays de Zoete Wedd, puts the value of the projects at 2 trillion pesetas (\$19 billion). Meanwhile infrastructure spending associated with the world's fair in Seville and the Olympics in Barcelona — both being held in 1992 — have generated a steady earnings stream for the companies involved.

The top ten construction companies in Spain are expected to produce an average profit rise this year of 20 percent. According to SEOPAN, a private federation of construction companies, building activity in the country peaked in 1989, when growth hit 13 percent. It says growth is now declining, to a forecast 7 to 8 percent this year, and 5 to 6 percent next year. Catherine Petigas of Banque Paribas said, "It's still healthy, but people are worried about the slowdown. However, compared to the rest of Europe, Spain is in a good position."

In France, the government has recently committed itself to expanding its high-speed rail network centered on its *train à grande vitesse* (TGV) to 4,500 kilometers (2,800 miles) over the next 20 years. Mr. Allen said road building has been hit by tight government budgets in the face of a slowing economy, but so far that has translated into longer project times rather than outright cancellations. From next year, he forecasts an average growth of 3 percent in construction over four years.

Europe also is home to two of the world's biggest construction projects: The Channel Tunnel, which will connect Britain with France, and Denmark's Storebælt, which will join the island of Zealand with the Jutland peninsula.

But it is in Eastern Europe, and the former East Germany in particular, where construction companies are eyeing opportunities in anticipation of a surge on activity. So far very little has materialized, with the building industry in Eastern Germany in as deep a recession as the rest of the local economy.

But the time will come when factories and offices have to be modernized and updated.

Knut Feddersen of the German Chamber of Commerce believes the reconstruction

will take off this fall. Most regions now have crash building programs and the central government recently announced its intention to spend around \$7 billion Deutsche marks (\$34 billion) of infrastructure projects. That should mean they can be completed on a three- to five-year timetable rather than the 10 years or more that is the case under usual planning procedures. The projects include seven autobahns and three new rail links.

Cross-border activity is still relatively limited, despite efforts by the European Community to dismantle trade barriers and encourage cross-border tendering for public projects. Planning and contract procedures vary from country to country, and as a labor intensive industry, differences in custom and practice can be crucial. For building products companies, transportation costs can be prohibitive. Many companies are finding the most effective way of becoming involved in foreign projects is to gain access to local expertise, through joint ventures and strategic shareholdings.

Philipp Holzmann AG of Germany for example, acquired 50 percent of Jotisa in Spain, and more recently, a 14 percent stake in the British contractor Tilbury Group PLC. Together the three companies last month formed a joint venture company to build a major office and industrial development south of Madrid. Duenez de France has bought minority stakes in Belgian, British and German companies. Another French company, Wigge, is also a significant European player and Lafarge Coppee SA has managed to develop a presence in Eastern Europe.

British contractors have been slow off the mark in Europe but building material companies have been far more active. RMC Group PLC has built up sizable aggregates interests in France and Spain, while BFB Industries PLC is Europe's biggest plasterboard supplier. Redland PLC has significant European operations in roof tiles, bricks and aggregates. In many cases though, partnerships are struck on a project by project basis.

In terms of individual stock selection, investors can look to the major companies in Spain and Germany for reasonable growth expectations in the next year or two. But the theme across Europe is of slower or no growth in housing and commercial development, while civil engineers — for so long the contractor's poor cousins — look set to take up the growth challenge.

BRIEF CASE

For Older U.S. Homeowners, FHA Has a Way to Cash Out

THE U.S. Federal Housing Administration has announced that it will expand a pilot program to make 25,000 "reverse" mortgages available to homeowners over the age of 62. Under the plan, the elderly who have paid off their mortgages, or have very small home debts, can receive loans from FHA-approved banks. The banks then release capital through one of five payment programs, ranging from a line of credit to monthly payments. Homeowners who take out the loan do not have to pay principal or interest until they die or move house. In fact, the borrowers receive money from the lenders — hence the term reverse mortgage.

The amount of the loan depends on the value of the property. Homes in exclusive areas may fund an advance of up to \$124,875. In less desirable locations, \$67,500 may be the maximum advance.

If the debt becomes due because the homeowners die, the heirs are left with a choice. They can then sell the residence to pay off the mortgage or keep the home and repay the loan themselves.

The FHA will make up the difference to lenders if the amount of the reverse mortgage exceeds the value of a residence. "The idea that we're insuring the lender against that will be a big incentive," said Bill Glavin, a spokesman for the government housing administration.

The American Association of Retired Persons said that 20 percent to 40 percent of people living in nursing homes were forced to sell their homes to pay medical expenses. Others have done so to pay property taxes and meet living expenses.

For more information, call the FHA in Washington, D.C. (1 202) 708 1422.

New Futures Fund Offers A Bond-Backed Guarantee

THE explosive growth of futures trading around the world has had repercussions among funds available to individual investors. The latest arrival in this growing market sector is a fund from Kenmar Asset Allocation Inc., which offers larger investors a chance to participate in guaranteed futures investment through two media.

The first route into the fund is through a capital stake of at least \$50,000. Around 55 percent of this money is invested in government bonds, which will produce enough to return the original investment at the end of a seven-year term. The rest of the money is committed to a complex portfolio of futures, from which the managers attempt to wring as much profit as possible.

The second investment route is much more unusual. Investors do not have to part with a lump sum, but must provide a bank letter of credit of \$100,000 secured against their assets. The notional monies are invested in a similar way — and the net cost to the investor is the funding of a \$45,000 loan.

There are no front-end charges to pay, but monies are locked in for a minimum of six months. After that period there are early redemption charges starting at 5 percent, reducing to nothing as the bond moves toward maturity. There is an annual administration fee of 6 percent, and the managers take 20 percent of new profits. The fund is registered in the tax-advantaged location of the Bahamas.

This is an interesting, but highly complex investment vehicle. Readers are advised to take professional advice before investing.

For a prospectus, write O.T. Financial Services, 140 Brompton Road, London SW3 1HY, or call London (44 71) 581 5841.

An International Following For Robeco's Latest Fund

It seems clear that the idea of a pan-European market in financial services after 1992 will remain just that — an idea, not a reality — for some time after the theoretical deadline.

But there is encouraging news from Dutch fund manager Robeco, which has launched the closest thing yet to a genuinely international product. Robeco reports that its RG America, Europe and Pacific funds — whose launch was covered in the Money Report — have attracted a large international following. Around 186 million guilders (\$97 million) have been taken in the three-week subscription period.

The funds' subscription lists were open to residents of Belgium, Germany, France, Luxembourg and Switzerland, as well as Robeco's home country of the Netherlands. Almost one-third of subscription monies originated outside Holland, Robeco says.

The funds began trading Tuesday on the Amsterdam stock exchange.

A Tourist Help Line in Spain, But Don't Stay Out Too Late

The Spanish tourist office, Iberia Airlines and American Express are getting together to promote the attractions of Spain as a vacation venue. Amid the usual promotional hype, tourists will get at least one substantial benefit. A toll-free information service (900 10 90 90, within Spain) is available to help in planning a vacation or to help with emergencies.

Staffed by bilingual operators, the line will be open seven days a week from 9 A.M. to 9 P.M. — so make sure you have your emergency in daylight hours.

Let your money talk and gain higher interest

Attractive Currency Deposits in 14 different currencies

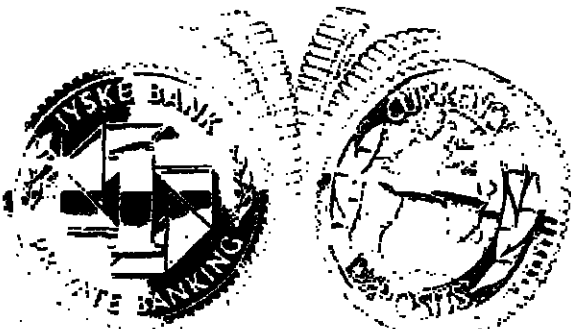
Let your money talk: Get a Currency Deposit with Jyske Bank. We offer you up to 14 high-interest currencies to choose from. Low minimum deposits at 3 or 12 months' notice. We will exchange your initial deposit to the currency of your choice. And you enjoy all these benefits including gross interest receipts if you are not a resident in Denmark.

Jyske Bank represents 25 years of experience in Private Banking, today handling the financial requirements of more than 30,000 clients in 156 countries. If you're looking for professional, cost-effective service, let your money talk and get an account with Jyske Bank.

Deposits are covered by the Danish Deposit Insurance Fund up to DKK 250,000. Deposits are not covered by the UK Deposit Protection Fund.

Currency	Currency Savings Account (100 USD 1,500 3-month notice)	Fixed Term Deposits (100 USD 15,000 3-month notice)
SEK, Sweden	9 3/4%	10 1/2%
GBP, Britain	10 *	10 1/2%
ESP, Spain	11 1/4%	12
ECU, European Currency Unit	—	8

(*subject to alteration)



JYSKE BANK
Bank of Jutland
Jyske Bank Private Banking (Int.)
Vesterbrogade 9 P.O. Box 133
1780 Copenhagen V, Denmark
Tel. +45 31 21 22 22
Fax +45 31 21 42 05
Member of TSA

Please send me information on Currency Deposits and other benefits of Jyske Bank, Private Banking (International)

Name _____
Address _____
Tel. _____

London, Hamburg, Gibraltar, Zürich, Fuengirola

331 404

THE MONEY REPORT

Without Dollar Cost Averaging

Buy a fixed number of shares

Cost/Share	Number of Shares	Amount Invested
\$8	30	\$240
\$9	30	\$270
\$10	30	\$300
\$11	30	\$330
\$12	30	\$360
		Average price \$10.00

Source: Oppenheimer Management Corp.

With Dollar Cost Averaging

Invest a fixed dollar amount

Cost/Share	Number of Shares	Amount Invested
\$8	38	\$300
\$9	33	\$300
\$10	30	\$300
\$11	27	\$300
\$12	25	\$300
		Average price \$9.80

International Herald Tribune

The Steady Route to Low-Cost Investing

By Conrad de Aenle

A little can go a long way for investors who buy mutual fund shares through a system of small, monthly payments called dollar-cost averaging. Under this arrangement, which is offered by many fund companies, the monthly investment, as small as \$25, is usually snatched electronically from the shareholder's bank account and put into the fund of choice.

The appeal of dollar-cost averaging is rooted in a simple mathematical reality: More fund shares are bought when prices are lower. For instance, \$100 can buy 10 shares of a fund with an asset value of \$10 per share. If the asset value falls to \$8, the same money can then buy 12.5 shares.

No matter what happens to the

fund, the average cost of each share will tend to be lower than if the same number of shares were bought each time or if the shares were bought in one shot at their average trading price.

"We think it's a great idea," said Ken Weber, the editor of Weber's Fund Advisor. "It takes the emotional aspect out of investing. For the average investor who's not going to stick to a disciplined strategy, it's really the only way to invest in mutual funds."

He was alluding to another reality, of human psychology and not mathematics, from which dollar-cost averaging derives its appeal: "People tend to invest in the market at precisely the wrong time. People get excited after the market's gone up. In dollar-cost averaging, they buy when the market's up and when it's down."

Is there anything bad about it?

"Very little," said Timothy W. Lutz, who edits Cabot's Mutual Fund Navigator. "You're automatically settling for less than the optimal profit that could be achieved with accurate market timing," he said.

For instance, an investor could begin his buying regime at the start of an agonizingly long bear market, when "market timing" would have you buying closer to the bottom and, hopefully, buying at a lower price overall.

But Mr. Weber noted that "much market timing is wrong. Dollar-cost averaging can't be done wrong. You can't fail. You will end up buying, on average, at lower prices."

"This will work with any mutual fund," he went on. "In fact, they encourage periodic investment. You can set up at most funds a plan where they will automatically withdraw from your bank account a

fixed amount every month. They like that and there's no work for the investor."

"We are a great advocate of this way of investing," said Loretta McCarthy, a spokeswoman for Oppenheimer Management Corp. "Dollar-cost averaging is a good way of investing in markets that will have a lot of fluctuation. It also gets people into the habit of regular investing. With Americans, that's a great challenge."

The key word there is habit. Fund managers aren't going to get rich paying \$25 or \$50 loose from someone's checking account. But that money builds up, as does a base of steady customers who will come to them when they have a bigger pile of cash to commit.

The dollar-cost averaging clients "are investing for the long term. Those assets are likely to stay under management," Ms. McCarthy said. "Additionally, they may increase the amount. And they may make lump-sum contributions over time."

Oppenheimer allows investors to put as little as \$25 a month into any of its funds. It requires no initial investment, although other companies want shareholders to start with \$1,000 or so before they will allow them to dollar-cost average.

Oppenheimer also has something it calls the diversified asset builder program. "An investor can keep a lump sum in a money market fund and then make monthly contributions to as many as five other funds in the family."

Janus Group is another fund company that subscribes to the acorn theory of accumulating clients and assets.

As at Oppenheimer, there is no explicit fee in the Janus program. The cost of the bank withdrawals is lumped in with other fund expenses and paid for out of the customary management fee, which at most funds amounts to 1 or 2 percent of assets. "We're not charging people," she said. "We're treating it as a promotional expense."

The minimum contribution is \$50 per month, per fund, and is withdrawn automatically. "You don't have to remember to write a check," Ms. Snyder said. "You don't have to follow it in the papers every day. And you never worry about market timing."

Indeed, Mr. Weber said, "Unlike people who are upset when the market goes down, for people who are dollar-cost averaging, it's wonderful when the market goes down because they're buying more shares."

"Dollar-cost averaging prevents you from making one big mistake."

Sorting Out U.S. Pension Possibilities

By Robert C. Siner

THE past two decades have produced revolutionary changes in the U.S. pension system. The 1970s brought new accessibility while the 1980s ushered in the era of choice.

The passage of the Employee Retirement Income Security Act (ERISA) in 1974, made pensions more accessible to many Americans by setting easier qualification rules and making it possible for Americans to move from one job to another without losing all the pension benefits they had previously earned. This helped set off an explosion in private pension plans with total assets increasing ninefold with nearly \$2 trillion at the end of 1990.

The '80s saw the rise of something called the 401(k), a tax-deferred investment plan that, in effect, made many employees their own pension fund managers. The fastest growing of all private pension plans, participation in the 401(k) jumped from 5 million to about 30 million subscribers in the seven years since it was introduced.

Private pension plans come in two basic types — defined benefit and defined contribution, according to benefit specialist Charles L. Miller, a vice president of Provident Capital Management in Philadelphia.

In a defined benefit plan you know what you will get when you retire. In a defined contribution plan you know how much is being put into your retirement account. What you get depends on how much is in the account when you retire. That in turn depends on how smart and how lucky your pension manager is.

The defined benefit plan is the most common. In most cases it is provided by the employer with little or no contribution from the employee. Benefits are determined by a formula: usually a fixed percentage of the number of years of service multiplied by a dollar figure. Often this is the average of the last five years or highest 10 years salary.

The defined contribution plans are more varied.

GEORGE W. COWLES, senior vice president of Bankers Trust Co. of New York, enumerated three main types of defined contribution plans — profit-sharing, employee stock ownership (ESOP) and 401(k) investment plans.

Under profit-sharing plans, employees' contributions to the plan are based on a percentage of company profits. If there are no profits there may be no contribution.

In an ESOP plan employees get a number of shares of company stock. These plans also have been used by employees to buy their companies.

Introduced in 1983, the 401(k) is named after the section of the tax law authorizing it. Under this plan, employees are allowed to invest up to \$8,475 each year in various retirement funds established by their employers. The amount is indexed for inflation and rises each year with the cost of living. Income tax

es on the amount the employee invests are deferred until the money is withdrawn after retirement, as are taxes on any interest or dividends earned by the investments. In many plans, the employer will match part of the employee's investment, making it even more attractive.

The choice arises because an employer may offer three or four different types of investment plans, each with its own advantages and drawbacks. It is up to the employees to decide just how their funds will be invested. An employee may have to choose from, typically, a money market fund, a bond fund, a balanced fund and a growth stock fund.

The money market fund has the least risk but also pays the lowest return. The growth stock fund offers the highest growth potential but also the greatest risk. The bond fund and the balanced fund fall in between.

While there is no "correct" mix of investments, experts say, there are certain general rules that employees should be aware of when managing their funds.

THE first is to determine how much you want, and what type of risk you have to take to get it. The farther away from retirement you are, the more risk you can afford to take. Experts generally recommend a mix of all types of investments weighted toward higher risk funds at the beginning and slowly changing toward low-risk funds as the employee nears retirement.

Figures show that in the long run, the stock market will outperform almost any other investment. The key word being "long run."

If you only have a short run to retirement, a sudden drop in the market can have dire consequences. After the market crash in 1987, stock funds dropped by 30 percent or more. Some people contemplating retirement at the end of that year were faced with an enormous drop in their estimated pensions. Most of them were forced to put off retirement.

One popular option is the "Guaranteed Investment Contract." These are interest-bearing 3- to 5-year notes issued by insurance companies that generally pay higher rates than bond or money market funds.

Unfortunately nothing in this world is guaranteed but death and taxes, and if the insurance company issuing the GICs goes belly up the investor may face the loss of his funds. A case in point involves GICs issued by the insurance subsidiaries of First Executive Corp., which were seized by state officials last month.

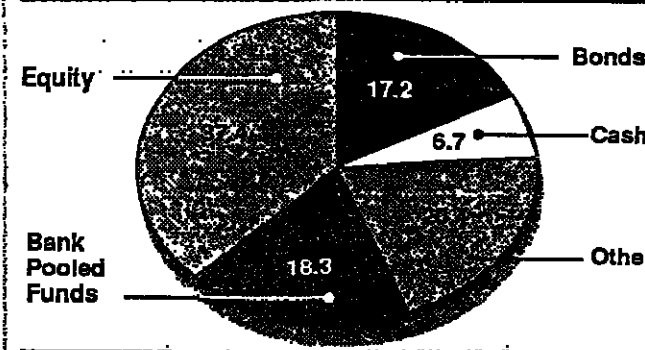
The only way employees with company pension funds can supplement their retirement funds on a tax-free basis is through life insurance policies that can be converted into annuities.

Before 1974, all but the highest-level employees and some union members had to rely mainly on Social Security. Social Security still provides important benefits but repeated polls show that most working Americans believe that the government system will, at best, be a supplement to their private plans.

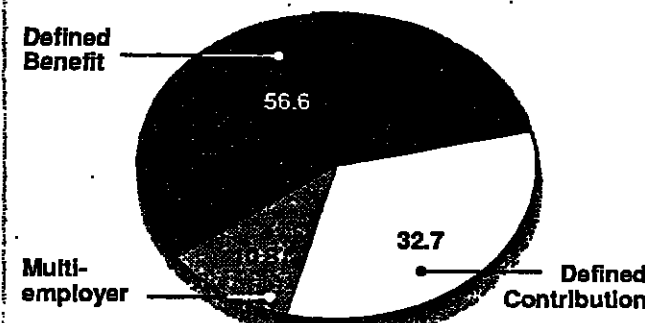
Pensions - The Breakdown

Private Trust Funds: Percent Distribution of Assets in Fourth Quarter 1990

Distribution by Asset Type of All Plans



Distribution by Plan Type of All Assets



Source: EBRI Quarterly Pension Investment Report

International Herald Tribune

MANY Americans working overseas also pay into the national pension system of the country in which they work. In some cases they may never be able to collect anything from these systems because they have not worked long enough to become vested. Under the U.S. Social Security system you must work at least one day in each of 40 quarters (10 years). Many foreign systems have similar requirements.

However, 12 countries have concluded social security "totalization" agreements with the United States that allow workers to collect pro-rated benefits from both the U.S. and foreign systems and eliminate double social security taxation.

Agreements have been signed with Belgium, Britain, Canada, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. An agreement with Austria is due to be

Swiss group licenced by highest south east Asian government has exclusive rights for underwater salvage of antique shipwrecks. All logistic equipment already on site, prospect of high capital gains for the financing partners who would like to join us.

Documentation available. For info call please 41/21 784 23 33 fax 41/21 784 23 77

Swiss group licenced by highest south east Asian government has exclusive rights for underwater salvage of antique shipwrecks. All logistic equipment already on site, prospect of high capital gains for the financing partners who would like to join us.

Documentation available. For info call please 41/21 784 23 33 fax 41/21 784 23 77

Swiss group licenced by highest south east Asian government has exclusive rights for underwater salvage of antique shipwrecks. All logistic equipment already on site, prospect of high capital gains for the financing partners who would like to join us.

World Market Performances Over the Week

Top Ten Stock Markets	Industry Indexes Performance
Italy	4.6%
Sweden	4.7%
Germany	3.5%
USA	3.0%
France	3.0%
Canada	2.7%
Norway	2.5%
Netherlands	2.2%
Japan	2.0%
Switzerland	1.6%
Bottom Ten Stock Markets	
New Zealand	-4.4%
Australia	-2.2%
Hong Kong	-1.8%
United Kingdom	0.3%
Austria	0.7%
Belgium	0.6%
Spain	0.5%
Denmark	1.3%
Singapore/Malaysia	1.5%
Top Ten Stocks	
AU Adelaide Steamship	77.8%
AU Jones (David)	43.8%
FI Torpede Free	35.7%
SG United Plantations (MAL)	33.0%
US Black & Decker	21.2%
FI Nokia Print Free	20.7%
SG Kuum (MAL)	20.5%
US GE Healthcare	16.9%
US NL Industries	16.3%
US PPG Industries	15.8%
Bottom Ten Stocks	
JP Yohjima Bridge Works	-37.6%
AU Jernings Group	-20.6%
ES Fasa Renault	-19.2%
FI Erso-Gutvik a Free	-19.1%
FI Louhevaara	-18.9%
CA Canada Northwest Energy	-16.7%
NO Norske Bank	-16.2%
GB TSB Group	-15.0%
JP Nihon Unyos	-15.0%
ES Prosegur	-14.5%
Industry Indexes Performance	
Gold Mines	5.5%
Energy Equipment & Services	5.3%
Forest Products & Paper	4.3%
Automobiles	3.8%
Chemicals	3.6%
Electrical & Electronics	3.6%
Electronic Components, Instruments	3.2%
Wholesale & International Trade	2.5%
Telecommunications	2.5%
Merchandise	2.4%
Financial Services	2.4%
Broadcasting & Publishing	2.4%
Insurance	2.4%
Business & Public Services	2.2%
Industrial Components	2.2%
Aerospace & Military Technology	2.1%
Transportation - Airlines	2.0%
Textiles & Apparel	2.0%
Beverages & Tobacco	1.9%
Machinery & Engineering	1.9%
Appliances & Household Durables	1.7%
Food & Household Products	1.7%
Metals - Non Ferrous	1.6%
Utilities - Electrical & Gas	1.5%
Multi-Industry	1.4%
Energy Sources	1.0%
Banking	1.0%
Data Processing & Reproduction	0.9%
Transportation - Shipping	0.8%
Leisure & Tourism	0.7%
Recreation, Other Consumer Goods	0.7%
Health & Personal Care	0.5%
Transportation - Road & Rail	0.4%
Construction & Housing	-0.2%
Building Materials & Components	-0.4%
Misc Materials & Commodities	-0.6%
Metals - Steel	-1.1%
Real Estate	-1.9%

Source: Morgan Stanley Capital International

THE FUND PERFORMANCE FOCUS

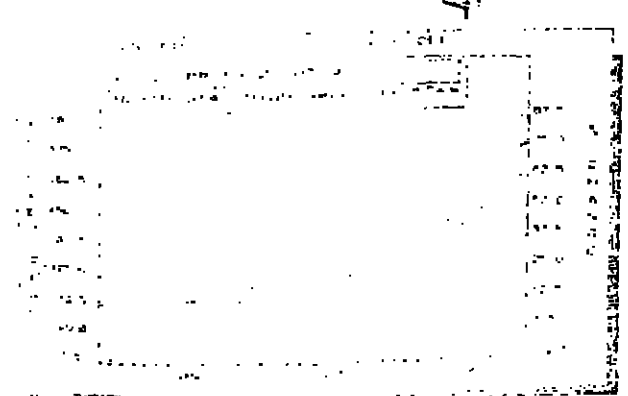
Herald Tribune

The Fund Performance Focus is a new advertising feature which will be appearing frequently within The Money Report. It has been created in order to allow our readers free investment information on internationally marketed mutual funds with consistently strong performance figures. (Graphs for the F.P.F. are supplied by Micropal Ltd., the U.K. based fund statistical service).

If you are interested in knowing more about any of the mutual fund groups advertising in this section simply circle the appropriate number on the coupon (at the bottom of the page) and return it to us by letter or fax and information will be mailed to you by the companies involved.

The I.H.T. would like to remind its readers that past performance is no guarantee of future results.

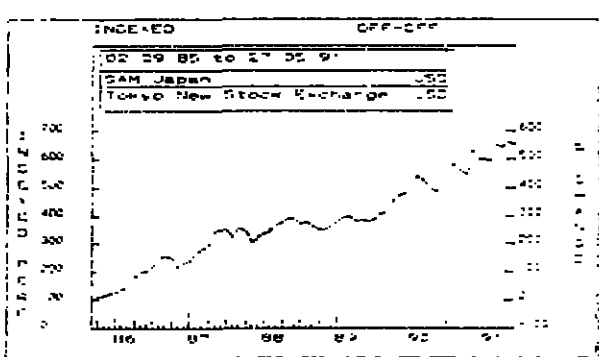
North Star



North Star Group consists of 15 offshore investment funds. The prestigious Upper Manhattan Service of the U.S. gave North Star Funds then "Best Performing Fund" award in 1988, 1989, 1990 and 1991. Average annual yield over the last five years of "North Star High Performance Fund" is 22.4% p.a.

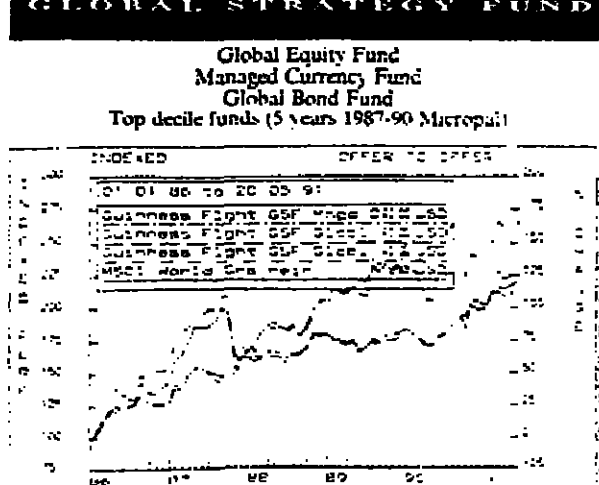
U.S. Dollar funds launched January 1990 are up 38% over the last 12 months

GAM GLOBAL ASSET MANAGEMENT



For information about GAM Services and Funds, please contact: Michael Stevens, GAM Administration Ltd., GAM House, Athol Street, Douglas, Isle of Man. Tel.: 44 624 626037. Fax: 44 624 625956.

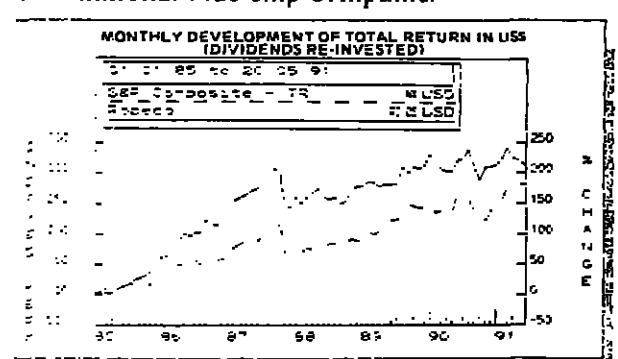
GUINNESS FLIGHT GLOBAL STRATEGY FUND



Part of 29 fund umbrella. UK SIB Recognised & Guaranteed. Listed on London Stock Exchange. Authorised in Hong Kong.

ROBECO

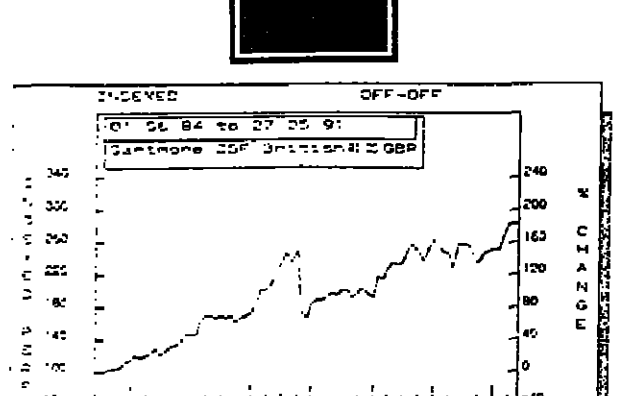
An equity fund investing in stocks and shares of international blue chip companies



This flagship fund of the Robeco Group has over 50 years of investment experience. Over the past 10 years, it has provided an average annual return of 15.0%.

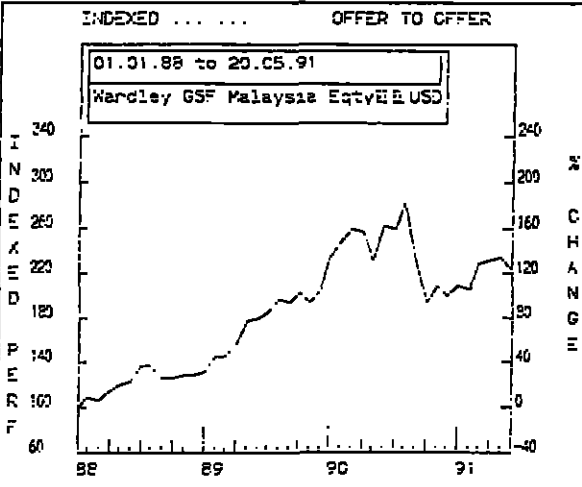
Information is available from Robeco Bank (Switzerland) S.A. Telephone (+41) 22-41 12 97. Fax (+41) 22-41 13 92.

CAPITAL STRATEGY FUND LIMITED



11 equity funds, 4 bond funds, 7 deposit funds investing in over 35 countries around the world. The Universal Answer to Worldwide Investment.

WARDLEY GLOBAL SELECTION SICAV - LUXEMBOURG



To find out more about the fifteen sub-funds available to investors interested in Capital Growth, Protection and/or Income, return the coupon today. Your request for information will be treated efficiently and in strict confidence.

Mail this coupon or send fax to: Simon Osborn/Fund Performance Focus International Herald Tribune, 181 Avenue Charles-de-Gaulle 92521 Neuilly Cedex, France. Telex: 613595 F. Fax: 46 37 93 70.

Please send me information on the funds circled at no cost or obligation.

1 2 3
4 5 6

Name _____
Title (i.e. Mr, Mrs or Ms) _____
Initials _____
Nationality _____
Company _____
Position _____
Address _____

City _____ Code _____
Country _____

The next F.P.F. will appear in July 1991. I.H.T. 0106

SPORTS

NHL's Kings Set the Stage For a 2d Gretzky-Kurri Reign

The Associated Press
LOS ANGELES — Jari Kurri has signed a three-year contract with the Los Angeles Kings, reuniting the high-scoring forward with Wayne Gretzky, his former linemate with the Edmonton Oilers.

Kurri's rights were traded Thursday from Edmonton to Philadelphia, and then he went to the Kings along with Jeff Cheevers, a defenseman, in exchange for Steve Kasper, a center, Steve Duchesne, a defenseman, and a fourth-round pick in next month's draft.

"It's all set," said the Kings' owner, Bruce McNall. "We've already signed him. It was a big move for us, something we needed to do. We got a world class player, and I think this might do the trick for us."

McNall said Kurri, 31, signed a three-year deal with an option year, worth \$1 million per year.

"We thought we had to make this move to go the next step in the playoffs," said McNall, who got Gretzky from Edmonton in 1988.

The Kings, who finished first in the Smythe Division this season, were eliminated from the Stanley Cup playoffs by the Oilers in the division final.

McNall speculated that Kurri would play with Gretzky and Tomas Sandstrom, while Tony Granato would be shifted to another line.

Kurri played for the Milan Devils of the Italian League last season after his option year with the Oilers ended in 1990.

He is the second-leading scorer in National Hockey League playoff history behind Gretzky.

Kurri, whose most productive season was in 1984-85 when he had 71 goals and 64 assists, had hoped to rejoin Gretzky in Los Angeles.

They played together for eight seasons at Edmonton and were a potent offensive pair, leading the Oilers to three Stanley Cups.

Sharks Build Their Roster
The San Jose Sharks and the Minnesota North Stars did some wheeling and dealing Thursday as they exchanged players and then participated in the NHL expansion draft. The Associated Press reported from Bloomington, Minnesota.

Both organizations were pleased. "This gives us a very good expansion team," said the Sharks' coach, George Kingston. "We have a nice mix, some improving young players and some solid experienced veterans."

Said the North Stars' owner, Norm Green: "I'm ecstatic. First, because the whole deal is behind us, and second, the perception that the team would be dominated has absolutely been put to bed. The

reality is we have a stronger team today than we did last week."

The North Stars shared their roster with the Sharks under an agreement struck last spring when San Jose's owners, George and Gordon Gund, sold the North Stars and got an expansion franchise in return.

The Sharks did not get as big a bite of the North Stars' organization as they had once hoped. They ended up with 24 players belonging to Minnesota, but only four of them — the defensemen Neil Wilkinson and Rob Zetter, the forward Shane Churla and the goalie Brian Hayward — were on the Stars' Stanley Cup roster.

In addition, San Jose got 10 players from other NHL teams and wasted little time in the wheeling-and-dealing department. The Sharks made Philadelphia's Tim Kerr the first forward picked and immediately sent the four-time 50-goal man to the New York Rangers for Brian Mullen.

As part of the agreement of last spring, the North Stars also got to take 10 players from other teams.

"We lost four players off this club, and we added at least six that can play in the National Hockey League," Minnesota's general manager, Bob Clarke, said. "We got older players and gave up young players, and that's a negative. But I believe we're better."



Steffi Graf, seeded second, serving to unseeded Shaun Stafford, whom she defeated Friday, 6-0, 6-1.

Connors Quits Against Chang In the 5th Set

By Nick Stout
International Herald Tribune

PARIS — Jimmy Connors bade farewell to the 1991 French Open on Friday when he looked up at the umpire just after having forced a fifth set on Michael Chang and said: "I can't play any more. Believe me. If I could stay out here and play, I'd play."

There were few empty seats in the Center Court as Connors dined on a 6-4, 5-7, 2-6, 6-4 standoff in the late afternoon sun before he hobbled off in pain. Connors, 38, begged out of an immediate television interview, fearful that he would cramp if he sat down.

After the match, Connors was treated for lower-back stiffness and was given a saline and potassium injection.

It was a match that will dwarf the final here on June 9, whoever the participants may be. Confronting an opponent half his age, Connors battled Chang with his lunge volleys and his trademark backhand winners to one corner or the other.

And all the while, he maintained the usual dialogue with his supporters all around him. Connors was once preparing to serve when someone cried, "Allez, Connors." So he raised his racket in acknowledgment.

At another point, Chang stopped his service motion when the silence was broken by a ringing telephone.

"I'm being good, Paul, don't worry," Connors shouted in a mock message to his wife that even got a smile from Chang.

"Sometimes, it's difficult not to laugh," Chang said later. "Jimmy is a great player. He has a lot of experience. He's been here before. He's been in the third set, when the trainer rubbed his back with ointment at 15 and the following two at love as Chang went on to take the set. But he recovered at the start of the fourth set, once again breaking Chang in the opening game."

"I was going to finish the fourth set win or lose," Connors said. "But in the fifth, it was worthless to go out there. I'm the last guy that's going to quit with 18,000 people rocking like they were. But it just wasn't working."

Other Agassi, Boris Becker and Guy Forget also advanced Friday, as did Steffi Graf, Mary Joe Fernandez and Arantxa Sanchez-Vicario.

other error by Chang, Connors turned to Ion Tiriac, the Romanian who played Davis Cup competition with Ilie Nastase in the early 1970s, and said, "I need your legs out here."

Connors was visibly aching with every step in the fourth set. After taking a 5-4 lead when Chang netted a forehand at 4-4, 15-40, Connors emptied a bottle of water on his head.

In the subsequent game, Connors squandered a set point at 40-30, but he got another chance on a lucky net-cord ball.

His first serve for the set would have been an ace if it had not skimmed the net. His second attempt was effective when Chang returned serve into the net.

With the 18,000 spectators in a wild standing ovation, Connors then informed the umpire that he had to quit.

"Honestly, I didn't think Jimmy had the energy to go out there and still win the fourth set," Chang said. "He came up with some great shots, and he pulled that one out. But that's Jimmy Connors."

Chang said he had watched Connors play against Agnelli and had been surprised at how he recovered to win after having lost the fourth set, 6-0.

"My first objective was not to go out there and wear him down," he said. "My first objective was to play my game and try to win it. I know that Jimmy knows that to play in the French Open you have to be physically fit to play. Jimmy wouldn't come here without being prepared. Jimmy draws a lot of energy from other sources. Where, I don't know."

Connors appeared to be in trouble in the third set, when the trainer rubbed his back with ointment at 15 and the following two at love as Chang went on to take the set. But he recovered at the start of the fourth set, once again breaking Chang in the opening game.

"I was going to finish the fourth set win or lose," Connors said. "But in the fifth, it was worthless to go out there. I'm the last guy that's going to quit with 18,000 people rocking like they were. But it just wasn't working."

Other Agassi, Boris Becker and Guy Forget also advanced Friday, as did Steffi Graf, Mary Joe Fernandez and Arantxa Sanchez-Vicario.

SIDELINES

Riley to Be Named Knicks' Coach

NEW YORK (AP) — The New York Knicks were to name Pat Riley their new coach on Friday, according to sources close to the negotiations. Riley, the former coach of the Los Angeles Lakers, will sign a multiyear agreement to take over the team, said the sources, who asked not to be identified. Terms were not immediately known, although speculation was that the Knicks would pay him more than \$1 million a year.

Pacific Lutheran Wins in Beijing

BEIJING (AP) — Marc Weekly of Pacific Lutheran scored the first touchdown on Friday in the first American football game in China, as his team went on to defeat Evangel College, 30-7.

The teams, which are also to play June 8 in Canton and June 12 in Shanghai, had threatened to cancel the exhibition games when Chinese authorities refused to return camera equipment to U.S. television crews accompanying them. Wang Juxian, liaison for the China International Sports Travel Co., the teams' host, said the crews had tourist visas, which do not allow them to bring in cameras and work as journalists. David Stair, Evangel athletic director, said the teams decided to play because they did not want to disappoint the players or the Chinese spectators.

Weekly's 3-yard TD run on a quarterback option around right end was followed by scoring passes of 21 and 11 yards to tight end Kevin Engman. About 25,000 people attended the game.

FIFA Studies Dropping Shoot-Outs

LONDON (AP) — FIFA, world soccer's governing body, said Friday that it is exploring the possibility of replacing a World Cup final tied after extra time instead of using a penalty shoot-out to determine the winner. Andreas Herren, a FIFA spokesman, said the suggestion had come from American organizers of the 1994 World Cup, who want a fair way of deciding who wins the sport's most prestigious title.

FIFA's comments came as criticism mounted Friday of the tactics used in the European Cup Champions' Cup final between Red Star Belgrade and Olympique Marseille on Wednesday. Red Star won the cup in a shoot-out after 120 minutes of scoreless play. The Red Star coach said he told his players to defend for 120 minutes and wait for the shoot-out.

CUNY ATHLETIC CONFERENCE — Alvin Karpman, director, to take one-year leave, effective Sept. 1.

OHIO ATHLETIC CONFERENCE — Named a new information director, PRATT — Named Frederick August second coach.

GUINIPAC — Named Tony Harjo women's soccer coach.

RIDER — Named Curtis Burke athletic director.

RANCSO STATE — Named Aron Krasofsky women's basketball coach.

SAN FRANCISCO — Signed Jim Bravetti, men's basketball coach, to five-year contract extension through the 1997 season.

SAN JOSE STATE — Suspended Phil Cramer, head basketball coach, and Charles Terrell, head coach, for 1997 season, from basketball team for 1997 season.

SOUTHERN CONFERENCE — Davidson will join the conference.

TRINITY — Lee Elliott Harris, women's tennis coach, resigned.

TULANE — Named Kevin White athletic director.

UC IRVINE — Named Tim Murphy assistant basketball coach.

UCLA — Named Scott Bull women's basketball coach.

VANDERBILT — Named Jim Foster women's basketball coach.

WISCONSIN-STEVENS POINT — Mark Mazzilli, head hockey coach and athletic director, has resigned to become assistant hockey coach at University of Minnesota. Named Joe Bontarotta head hockey coach and Frank O'Brien interim athletic director.

CHICAGO — Extended the contract of Jeff Teresi, manager, through 1993 season. Bought contract of Warren Newton, pitcher, from Vancouver of the Pacific Coast League. Re-signed Ramon Garcia, pitcher, from Vancouver. Sent Brian Drachman and Wayne Edwards, pitchers, to Vancouver.

NATIONAL LEAGUE — San Diego's activated Larry Anderson, pitcher, from 15-day disabled list. Opened Steve Rosenberg, pitcher, to Los Angeles. Placed Steve Decker, catcher, on Phoenix's PCL.

SAN DIEGO — Activated Larry Anderson, pitcher, from 15-day disabled list. Opened Steve Rosenberg, pitcher, to Los Angeles. Placed Steve Decker, catcher, on Phoenix's PCL.

ST. LOUIS — Activated Larry Anderson, pitcher, from 15-day disabled list. Opened Steve Rosenberg, pitcher, to Los Angeles. Placed Steve Decker, catcher, on Phoenix's PCL.

AT&T — The right choice.

Eric Heiden: The Short, Happy Career of a Champion Skater

By Samuel Abt
International Herald Tribune

WILMINGTON, Delaware — The telephone operator at the Hotel Du Pont was having trouble with Eric Heiden's name.

"How do you spell that?" she asked twice when a caller tried to reach Heiden in his room. "Are you sure of the name?" she finally demanded. A decade later, some people seem to have forgotten the man who won five Olympic gold medals in speed skating.

"That's cool," a smiling Heiden said when he heard the story. Just short of 33, Heiden accepts — and even enjoys — the fact that his glory years in sports are over. While so many other former star athletes are trying to make comebacks, he insists that he is happy with his life exactly as it is: He will graduate in June from Stanford University Medical School and begin a five-year internship-residency in orthopedics at the University of California-Davis, near Sacramento.

The move will end his connection to sports as any but the occasional level. "Trying to study medicine and be a world-class athlete is pretty tough, almost impossible," he said knowingly. After he

quit speed skating, he received his undergraduate degree from Stanford while becoming a professional bicycle racer, one good enough to ride with the 7-Eleven team in the 1986 Tour de France and to win the U.S. professional championship the year before.

Since the '86 Tour de France he has worked for the 7-Eleven team, now Motorola, as an assistant doctor. He expects that time pressure when he starts his residency will force him to give up the post. "It was a good experience in being able, through the team doctor, to learn a lot about sports medicine," he said. Heiden's father, Jack, is an orthopedic specialist in Madison, Wisconsin. Uncertain exactly what his own medical future will be, Heiden knows that "I want to keep working with athletes."

In return, members of the Motorola team praise his bikeside manner. "Eric is good as a doctor," said Ron Kiefel as the Tour Du Pont ended in Wilmington. "He knows how the riders feel after the race since he's been there, he knows what the riders need — their minerals and vitamins — and he understands that they're plain fatigued. And he's so easygoing."

He's real calm about everything." Kiefel found it hard to say whether Heiden would have been as big a champion at bicycling, if he had concentrated on it earlier, as he was at speed skating.

"That's a tough one. The way he built up for speed skating, it took him a couple of years to break down for cycling. He's such a big guy," he said of Heiden, who measures 6 foot 1 and weighs 180 pounds (1.85 meters and 82 kilograms), with huge, muscled thighs. "I think he had the potential, he could have gone far, but he put everything he had into speed skating and that was enough."

Indeed, At the 1980 Olympic Games in Lake Placid, New York, Heiden finished first in races over 500, 1,000, 1,500, 5,000 and 10,000 meters. He was flooded with advertising offers but accepted only a few, preferring to resume his education, work as a sports commentator for television and begin bicycling.

Does he miss the glory of his Olympic year? "No," he decided after a long pause. "It's nice to be recognized and looked up at by your peers, but I like the anonymity of being able to do things I want to do. Like I get to watch

cycling races without worrying about people crowding around me and having to sign autographs."

Nor does he consider trying to make a comeback as a skater, he insisted.

"Every once in a while people say I should try coming back to skating," he explained. "But the more I look back at it, the more happy I am that I quit when I did. I have fond memories of that time. A lot of people will hang on and continue doing something they don't enjoy. I quit skating when I was still enjoying it and I'm glad I did."

In a year full of comebacks, aborted and successful, by Bjorn Borg, Jim Palmer, George Foreman and Mark Spitz, Heiden has obviously thought about why aging athletes try to return to the victory podium of their stardom. Money, he believes, is much less a factor than the lure of an uncomplicated life.

"The life of an athlete is pretty nice," he judged. "Sometimes I think it would be fun to go back and race and only have to worry about waking up in the morning and training. Maybe the guys who are trying to make comebacks want to simplify their lives

and just concentrate on that one thing."

Yet, he continued, some former athletes forget that their professional careers were rarely straightforward.

"I think most athletes end up having a lot of outside distractions in their sport," Heiden said. "Initially that's what causes most athletes to have a downward spin in their performance." Referring to Borg, who has attempted to return to tennis's center court at 34, Heiden added: "A guy his age has to give up all the distractions and concentrate on his sport. That's hard to do. There are so many tangled webs."

"It's tough," Heiden warned, his voice slow and distant.

So, for himself, it's also out. Instead he is a recreational athlete based out of his home in Portola Valley, near Stanford in northern California. He does a lot of roller skating, mainly on roller blades. Once or twice a week, and sometimes more than once every couple of weeks, he goes mountain biking. "But all the trails where I live are starting to be off-limits," he complained mildly. "It's a hassle and I've been chased by wardens occasionally."



Heiden: Happy that he quit.

Better times lie ahead when he begins at U.C.-Davis. "I'm interested in sticking around California but I wanted to get out of the Bay area because it's getting pretty full of people. Sacramento is a rural area. There are all kinds of things to do there: ride bikes, go running, the mountains are nearby, skiing."

In short, like his childhood in Madison, "a big city by Wisconsin's standards but it's easy to get out in the country."

"I was lucky," he concluded. "I wouldn't change anything."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

W	L	Pct.	GB
Boston	28	.536	—
Toronto	28	.532	—
Detroit	23	.511	—
Minnesota	22	.499	—
New York	22	.462	—
Cleveland	14	.272	—
Baltimore	10	.193	—

West Division

W	L	Pct.	GB
Oakland	28	.509	—
Texas	25	.479	—
California	24	.462	—
Seattle	23	.432	—
San Diego	23	.429	—
Los Angeles	20	.385	—
Kansas City	20	.384	—

NATIONAL LEAGUE

East Division

W	L	Pct.	GB
Pittsburgh	29	.557	—
New York	28	.548	—
St. Louis	24	.512	—
Chicago	23	.490	—
Philadelphia	22	.478	—
Montreal	20	.438	—

West Division

W	L	Pct.	GB
Los Angeles	26	.508	—
Atlanta	24	.458	—
Cincinnati	23	.432	—
San Diego	23	.429	—
Houston	18	.339	—
San Francisco	18	.340	—

Thursday's Line Scores

AMERICAN LEAGUE

Cal	Chi	Det	Ind	Min	N.Y.	Phi	Pit	SEA	SD	Tor	W.A.
Cal	2	1	1	1	1	1	1	1	1	1	1

NATIONAL LEAGUE

ATL	CHC	CIN	DET	IND	L.A.	MIL	MON	NYG	PHI	PIT	SD	STL	TEX	W.A.
ATL	2	1	1	1	1	1	1	1	1	1	1	1	1	1

Major League Leaders

AMERICAN LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

NATIONAL LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

Major League Leaders

AMERICAN LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

NATIONAL LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

Major League Leaders

AMERICAN LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

NATIONAL LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

Major League Leaders

AMERICAN LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

NATIONAL LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

Major League Leaders

AMERICAN LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

NATIONAL LEAGUE

Player	Team	W	L	Pct.
Cal	Cal	2	1	1

ESORTS & GUIDES

MAYFAIR

V.I.P. ESCORT AGENCY
LONDON 071 402 6473
Credit Cards Accepted

ZOE'S

ESORTS & GUIDES
LONDON 071 221 3443
Credit Cards Accepted

MERCEDES

ESORTS & GUIDES
LONDON 071 221 3443
Credit Cards Accepted

INTERNATIONAL CLASSIFIED

ESORTS & GUIDES

INTL. ESCORT SERVICE
The world's most beautiful escorts
Head office in New York
121 Broadway, Ste 1007 NYC 10023
212-678-7896
Mass Credit Cards & Cheq. Accepted

FANTASY REMAINS

New York

